

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 NOVEMBER 19, 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 19th day of November, 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
Doug Burrer

Also in Attendance Were:

Jennifer Gruber Tanaka, Esq. and Casey Lekahal, Esq., White Bear Ankele Tanaka & Waldron (via speakerphone)
Rick Goncalves, P.E., RG & Associates
Lisa Johnson, Special District Management Services, Inc. (SDMS)
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.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Agenda was approved, as amended.

Public Comment: There was no public comment.

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Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report.
- Acknowledge Staff Report.
- Acknowledge Operations Report.
- Approve Minutes of the October 15, 2015 Regular Meeting.
- Adopt Resolution 2015-11-01: Annual Administrative Resolution.
- Adopt Resolution 2015-11-02: Resolution Calling Election, May 2016.
- Adopt Resolution 2015-11-03: Authorizing the Purchase of Certain Property and Execution of Necessary Documents to Effectuate the Purchase Thereof, related to the Lorson Deed of Tract B in Scenic View.
- Approval and Renewal of Consultant Agreements for 2016 Services (copies of all agreements available upon request; no changes in scope or fees unless otherwise noted):
 - ICA with Special District Management Services, Inc. for District Management Services dated June 1, 2003; First Addendum is dated September 15, 2015.
 - ICA with All American Maintenance, Inc. for Landscape Maintenance Services dated January 1, 2014.
 - ICA with Christopher Jilek for Site and Open Space Mowing Services dated March 20, 2014.
 - ICA with G.D.M Corp. dba Reliable Sanitation for Wastewater Removal Services dated April 17, 2014.
 - ICA with Chiddix Bros., Inc. for General Excavation and Pipeline Repair Services dated April 17, 2014.
 - ICA with Advanced Mechanical Services, Inc. for Lift Station Repair Services dated June 3, 2015.
 - ICA with DMC Sewer and Water Repair LLC, for Excavation Services dated August 27, 2014.
 - ICA with Encore Electric, Inc. for Electrician Services dated July 16, 2014.
 - ICA with Trax Construction, Inc., for Asphalt Paving and Repair dated November 6, 2014.
 - ICA with RG and Associates, LLC for District Engineering Services dated January 1, 2015; Third Addendum dated June 18, 2015.
 - ICA with Layne Christensen Company for General Pump and Pump Controls Maintenance Services, dated January 15, 2015; Second Addendum dated January 15, 2015.

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- ICA with Land Development Consultants, Inc. for District Tank Sites Survey Services dated March 23, 2015; First Addendum dated September 17, 2015.
- ICA with Franks and Beans Landscaping, LLC dba F & B Landscaping for Landscaping, dated August 20, 2015; First Addendum dated August 20, 2015.
- ICA with JC Jones Excavation, LLC for Excavation and Pipeline Repair Service dated September 17, 2015.
- ICA with Timken Motor and Crane Services LLC for Pump Controls Repair Services, dated February 17, 2015.
- Remote Electronic Check Processing Agreement with Farmers State Bank of Calhan for Remote Electronic Processing dated May 21, 2015.
- Approve Termination of Independent Contractor Agreements due to completion of services (as follows):
 - ICA with Avery Asphalt, Inc. for Asphalt Repair Services dated May 29, 2014.
 - ICA with National Meter & Automation, Inc., for Meter Reader Upgrade Services dated June 12, 2015.
 - ICA with Layne Christensen Company for Well 6 Disinfection dated January 6, 2014.
- Approve First Addendum to Independent Contractor Agreement between DMC Sewer and Water Repair and the District for Excavation Services.
- Approve Independent Contractor Agreement with Avery Asphalt, Inc. for Ongoing Asphalt Services.
- Approve Renewed Engagement Letter with White Bear Ankele Tanaka & Waldron for General Legal Counsel Services.

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

Notice of Wastewater Treatment Rate Increase pursuant to Intergovernmental Agreement (IGA) between Woodmen Hills MD (WHMD) and the District dated June 2, 2011: Mr. Gomes reported that he and Director Griffin met with WHMD Director of Water/Wastewater Gene Cozzolino and Board President Lynne Bliss on November 5, 2015 regarding the proposed Wastewater Treatment Fee (Fee) increase to the District residents and property owners. He noted that he and Director Griffin were informed that the Fee increase had been adopted by the WHMD Board at its October 2015 Regular

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Meeting and that the Fee for District customers and property owners was increased to \$33.92 per month from the current rate of \$24.27 per month. Mr. Gomes and Director Griffin noted that they were allowed to view the rate study used by WHMD to set the Fee but were not provided with a copy of the study. They were informed by Mr. Cozzolino that it was not yet a public document because WHMD Board has not accepted the study. Mr. Gomes noted that he informed Mr. Cozzolino and Ms. Bliss that the study became a public document once the WHMD Board used it to set rates. However, they continued to assert that the study was not a public document until it was accepted by the WHMD Board. The Board discussed the option of either making a Public Records Request for the Rate Study under the Colorado Open Records Act or having Mr. Gomes MAKE the request by letter pursuant to the IGA.

Following discussion, the Board directed Mr. Gomes to send a letter to WHMD requesting the Rate Study, bond documents, and an itemization of the debt service payments pursuant to the IGA.

Residential Lease for 9830 Liberty Grove Drive, Falcon, Colorado: Mr. Gomes presented the Residential Lease for 9830 Liberty Grove Drive, Falcon, Colorado for the period from January 1, 2016 through December 31, 2016 between Johnny and Cora Cook and the District. He noted that the monthly rent was increased by \$150.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the Residential Lease for 9830 Liberty Grove Drive, Falcon, Colorado for the period from January 1, 2016 through December 31, 2016 between Johnny and Cora Cook and the District.

Board and Staff Holiday Social (December 10, 2015): Director Burrer informed the Board that he had tentatively modified the Board and Staff Holiday Social menu to become a buffet-style dinner. He noted that the estimated cost of the dinner would be \$422.00 and the start time would be changed to 6:00 PM.

Following discussion, the Board directed Director Burrer to modify the menu to a buffet-style dinner and change the start time to 6:00 PM.

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FINANCIAL MATTERS

Claims: The Board considered the approval of the payment of claims for the period ending November 19, 2015 as follows:

General Fund:	\$31,875.02
Debt Service Fund:	\$0
Enterprise Fund:	\$81,233.84
Total Claims:	<u>\$113,108.96</u>

Mr. Gomes reviewed the claims with the Board.

Following review and discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending November 19, 2015, as presented.

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

Internal Billing System Project: Ms. Johnson discussed with the Board her conference call with Mr. Gomes regarding the District Office taking increased responsibility for the tasks related to customer billing. She noted her concerns about the liability it places on Special District Management Services, Inc. (SDMS) if there are mistakes made by District staff. She stated that she would provide the District with an amended Scope of Services that is to be discussed later in this meeting.

Ms. Johnson suggested that the District proceed with bringing the utility billing back into the District Office at this time since it was already doing most of the tasks related to the billing process. She emphasized that her suggestion was not based on SDMS's being unwilling to continue providing utility billing services and it was based on the increased billing tasks that the District staff is now performing. Ms. Johnson noted that the Board should consider billing software that will be able to have its data easily entered into the SDMS accounting software. She also offered her services to the District in advising on the selection of the Utility Billing Software.

Mr. Gomes presented the Board with a proposed Internal Billing

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System Project Plan and requested that two Directors be appointed to a committee to work with Office Administrator Kelcey Riggs and him. The purpose of the committee is to establish the criteria for the purchase of a utility billing software system, request proposals, review proposals, and make a recommendation to the Board.

Following discussion, the Board, by consensus, approved the Utility Billing Software Project Plan, appointed Directors Griffin and Roberts to the committee to establish the criteria for the purchase of a utility billing software system, request proposals, review proposals, and make a recommendation to the Board.

Second Addendum to Independent Contractor Agreement between Special District Management Services, Inc. and the District for Accounting and Utility Billing Services: Ms. Johnson with SDMS proposed an amendment to the SDMS Scope of Services for Utility Billing based on her discussion with the Board during the Internal Billing System Project matter.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the Second Addendum to Independent Contractor Agreement between Special District Management Services, Inc. and the District for Accounting and Utility Billing Services subject to final approval by Mr. Gomes and review by legal counsel.

2016 District Budget: The 2016 District Budget was distributed to the Board on October 15, 2015 and made available to the electors of the District on the same date. A Notice of Public Hearing on the Proposed 2016 Budget was published in the Colorado Springs Gazette on October 26, 2015. No objections to the 2016 District Budget were received prior to this meeting.

A Public Hearing was opened. There being no comments from the public, the Public Hearing was closed.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-11-04 Adopting Budget, Imposing Mill Levy and Appropriating Funds, and set the Mill Levy for General Operating Expenses at 22.107 for a total Mill Levy of 22.107.

2016 Subdistrict A Budget: The 2016 Subdistrict A Budget was distributed to the Board on October 15, 2015 and made available to the electors of the District on the same date. A Notice of Public Hearing

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on the Proposed 2016 Budget was published in the Colorado Springs Gazette on October 26, 2015. No objections to the 2016 Subdistrict A Budget were received prior to this meeting.

A Public Hearing was opened. There being no comments from the public, the Public Hearing was closed.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Burrer and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-11-05 Adopting Budget, Imposing Mill Levy and Appropriating Funds, and set the Mill Levy at 0.00 for General Operating Expenses for a total Mill Levy of 0.00.

Rate Study: Mr. Gomes reported that Mountain View Electric Association (MVEA) had raised its rates to the District by an average 6.5 percent in June 2015. MVEA is considering the imposition of an additional 6.5 percent increase to the District beginning with the District's February 2016 electric usage. Mr. Gomes proposed that the Board engage the District Engineer to conduct a rate study to be considered at the February 18, 2016 Regular Meeting.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Burrer and, upon vote, unanimously carried, the Board approved the engagement of RG and Associates to conduct a rate study to be completed by February 1, 2016 for an amount not-to-exceed \$5,000, and directed the District's Legal Counsel to draft the Addendum, next in order, to the Independent Contractor Agreement between RG and Associates, Inc. and the District.

Resolution Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water and Sewer Services and Facilities: The Board considered the adoption of Resolution No. 2015-11-06, Resolution Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water and Sewer Services and Facilities.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted Resolution No. 2015-11-06, Resolution Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water and Sewer Services and Facilities.

Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges: The Board considered the adoption of Resolution 2015-11-07: Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and

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Charges.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted Resolution 2015-11-07: Resolution Establishing Guidelines for the Processing and Collection of Delinquent Fees and Charges.

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

LEGAL MATTERS

Six Ninety-Nine Properties Infrastructure Construction, Acquisition and Reimbursement Agreement: Attorney Lekahal presented to the Board the Six Ninety-Nine Properties Infrastructure Construction, Acquisition and Reimbursement Agreement. Mr. Lekahal noted that Six Ninety Nine LA, LLC has already consented to the terms of the Agreement and that it is in a form similar to the Agreement already in place with Six Ninety Nine.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the Infrastructure Construction, Acquisition and Reimbursement Agreement between Six Ninety-Nine Properties, LLC, and the District

Paint Brush Hills Metropolitan District Subdistrict A November 3, 2015 Election: Attorney Tanaka reported that all election questions appearing on the ballot for the November 3, 2015 on the Paint Brush Hills Metropolitan District Subdistrict A November 3, 2015 Election passed.

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:

1. Office building/Workshop.
2. Status of Storage Tank Inspections.

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3. Status of Water Treatment Pilot System.
 4. Status of Dawson Well/Cherokee Pipeline/ Master Plan.
 5. Status of Emergency Overflow Storage Capacity.
 6. Status of Filing 6/7 Drainage Issues.
 7. Status of District Rules and Regulations modifications
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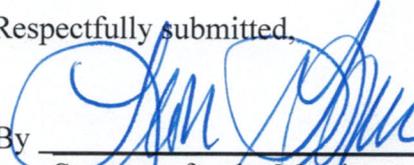
PERSONNEL MATTERS

Employee Benefits and Compensation Committee Report and Recommendations: Mr. Gomes requested, and the Board concurred, that this matter be deferred to the January 21, 2016 Regular Meeting.

ADJOURNMENT

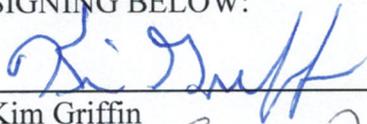
There being no further business to come before the Board at this time, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

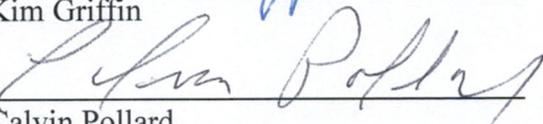
By 
Secretary for the Meeting

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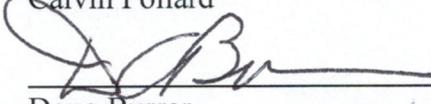
THESE MINUTES ARE APPROVED AS THE OFFICIAL
NOVEMBER 19, 2015 MINUTES OF THE PAINT BRUSH HILLS
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:



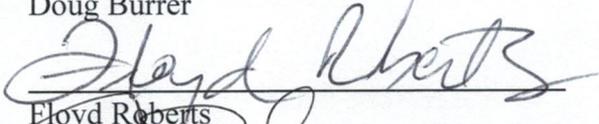
Kim Griffin



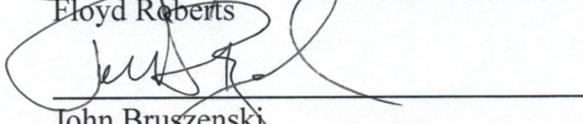
Calvin Pollard



Doug Burrer



Floyd Roberts



John Bruszenski