

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT
HELD
FEBRUARY 18, 2016**

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 18th day of February, 2016, 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., White Bear Ankele Tanaka & Waldron
(via speakerphone)
Casey Lekahal, Esq., White Bear Ankele Tanaka & Waldron
Rick Goncalves, P.E., RG & Associates
Leon Gomes, District Manager

The names of the members of the public who were in attendance appear on the attached Board Meeting Attendance form.

**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.

Public Comment:

Don Lovisone: Mr. Lovisone commented on the possible rate increase noting that Woodmen Hills MD had recently increased the Wastewater Treatment Fee to District customers. He stated that any rate increase by the District would have a significant impact on District customers who are on fixed incomes. He also stated that water delivered to his residence tastes bad. Mr. Gomes stated that he would have the District's Operations Manager contact him regarding the taste of the water delivered to his home.

Ray Hawkins: Mr. Hawkins presented a written statement to the Board concerning the fixed costs paid for water and sanitary sewer services by District customers. A copy of the written statement is attached hereto and incorporated herein by reference.

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report
- Acknowledge Operations Report
- Approve Minutes of the January 21, 2016 Regular Meeting
- Approve purchase of used Vizio 55-inch TV-monitor for Board Meeting presentations and employee training from Leon Gomes in the amount of \$284.00
- Accept unaudited financial statements for the period ending January 31, 2016
- Accept updated 2016 Budget Priorities
- Accept Letter of Resignation for Accounting and Billing Services from Special District Management Services, Inc.
- Approve Continental Utility Solutions, Inc. Software License Agreement Subject to Finalization by Legal Counsel
- Approve First Addendum to Independent Contractor Agreement for Field Mowing between Christopher Jilek and the District
- Accept Engineer's Report
- Adopt Resolution 2016-02-01: Concerning Authorization for Approval of Contracts and Payment of Claims
- Adopt Resolution 2016-02-02: Regarding Implementation of a 457(B) Employee Retirement Plan
- Approve the payment of claim for the period ending February 18, 2016 as follows (1.14 to be distributed):

General Fund:	\$21,807.50
Debt Service Fund:	\$0.00
Enterprise Fund:	\$64,956.94
Total:	<u>\$86,764.44</u>

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

**FINANCIAL
MATTERS**

Rate Study: Mr. Goncalves displayed an interactive rate spreadsheet to the Board and demonstrated several scenarios to determine rates. Mr. Gomes recommended that Board Finance Committee meet with Mr. Goncalves to review the possible scenarios due to the complexity of the interactive spreadsheet.

Following discussion, the Board referred the rate study to the Finance Committee and directed the Finance Committee to provide a recommendation on rates at the April 14, 2016 Regular Meeting.

Resolution 2016-02-03: Mr. Gomes presented Resolution 2016-02-03: Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Penalties, and Charges for Water and Sewer Services and Facilities. He noted that the Resolution changes the Scenic View Street Lighting Fee to \$1.60 per property per month and implements a \$25.00 Collection Fee whenever a customer's past due balance is collected at the customer's property to prevent water service turn-off.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Griffin and, upon vote, unanimously carried, the Board adopted Resolution 2016-02-03: Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Penalties, and Charges for Water and Sewer Services and Facilities.

Accounting Services: Mr. Gomes reported that an Accounting Services Selection Committee had been implemented by him following the notification by Special District Management Services, Inc. (SDMS) that it would terminate its accounting and billing services to the District effective on February 29, 2016. Mr. Gomes further noted that SDMS later agreed to extend its services through April 30, 2016 following correspondence from him and Attorney Tanaka. The Committee consists of Director Burrer, Director Griffin, Attorney Tanaka, and Mr. Gomes. The Committee has established the criteria for an accounting firm and accounting services, approved a Request for Proposals (RFP), and distributed the RFP to four accounting firms. Mr. Gomes reviewed the Committee-approved timeline with the Board. Proposals are due Friday, February 26, 2016 at 5:00 PM and the final selection of the accounting firm is scheduled to be completed at the March 17, 2016 Regular Meeting and the selected accounting firm will begin its service on April 1, 2016.

Director Pollard left the Meeting at the end of this matter.

Public education plan regarding 5.5% Revenue Limit and TABOR limitations.: Mr. Gomes recommended that the Board establish a Public Education Plan concerning the TABOR revenue limit and the 5.5% statutory revenue limit. He recommended that the following be part of the education plan:

1. A written fact sheet regarding the revenue limits;
2. An open house where the public is presented with the facts concerning the revenue limit; and
3. Direct contact with the public to communicate the information contained in the fact sheet.

Following discussion, the Board agreed with the recommendations, and directed Mr. Gomes to prepare a Fact Sheet concerning the TABOR and 5.5% statutory revenue limits. The Board agreed to wait on the open house until they could evaluate the response from the Fact Sheet.

State of Colorado Energy/Mineral Impact Assistance Fund Grant:

Mr. Gomes reported that he had previously proposed the District install 495 radio transmitters at the District residences where they are not installed. He determined that the District could purchase meters and radios from Mountain States Pipe & Supply, Inc. (MSPS) at a cost that is less than only the radios as quoted by National Meter & Automation, Inc. He researched the meter readings of the installed meters within the District to determine number of meters that have had 1,000,000 gallons or more of water metered by them. He determined that 427 meters exist with a reading of 1,000,000 or more gallons. Mr. Gomes stated that the District could benefit from the replacement of meters reading above 1,500,000 since they can measure up to fifteen percent less water than actually flows through them. He recommended that the District phase the replacement of the meters and installation as shown in Table 1:

Table 1

Meters Reading (Gals)	Number of Meters	Replacement Cost
2,000,000+	155	\$29,450
1,500,000 – 1,999,999	129	\$24,510
1,300,000 – 1,499,999	54	\$10,260
1,000,000 – 1,299,999	89	\$16,910
Totals	427	\$81,130

Mr. Gomes noted that there were concerns from the District Operations Team about the meters proposed by MSPS being made of a composite material rather than brass. He stated that the meters and radios had a substantial guarantee period. Director Bruszenski asked to be provided

with the meter specifications for his review.

Following discussion, the Board directed Mr. Gomes to prepare the Energy/Mineral Impact Assistance Fund Application for Board approval and submission by the April 1, 2016 deadline using the meters and radios proposed by Mountain States Pipe & Supply, Inc.

**ENGINEER
MATTERS**

Update on Progress of District Office & Shop Project: Mr. Goncalves reported that the proposed site plan and the Regulation 1041 applications were being submitted to El Paso County Development Services. He stated that the applications would be reviewed and approved administratively.

Mr. Gomes reported that the El Paso County Board of County Commissioners had approved the District's Subdivision Exemption Application.

**PERSONNEL
MATTERS**

District Manager Operator In Responsible Charge Certifications:

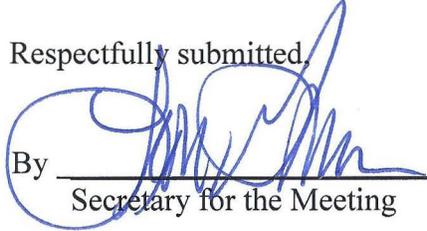
Mr. Gomes noted that at the time he was offered the position of District Manager, the Board made obtaining the certifications required to become the Operator in Responsible Charge (ORC) within nine months as one of the conditions of employment. He stated that, in order to do so, there are two water operator and one wastewater operator certifications that need to be acquired to qualify to be the ORC. Each of the certifications requires the successful completion of each test, and the performance of at least 30 days of full time hands-on operator duties for each certification. Mr. Gomes stated that the Board's decision to transition customer billing into the District Office, the recent resignation of the District's accountant, and the subsequent transition of accounting services to a new accounting firm have changed his priorities. In addition, the District Office/Shop construction is planning to begin in May or June 2016. Mr. Gomes stated that the time involved in the ORC certification requirements have come into conflict with other matters that will require his time to complete.

Following discussion, the Board, by consensus, agreed that the other matters discussed take priority over the Board's previous requirement for the District Manager to obtain Operator In Responsible Charge qualifying certifications.

ADJOURNMENT

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

Respectfully submitted,

By 
Secretary for the Meeting

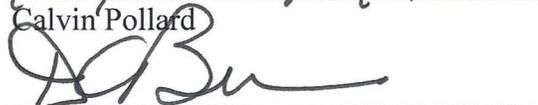
THESE MINUTES ARE APPROVED AS THE OFFICIAL
FEBRUARY 18, 2016 MINUTES OF THE PAINT BRUSH HILLS
METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS
SIGNING BELOW:



Kim Griffin



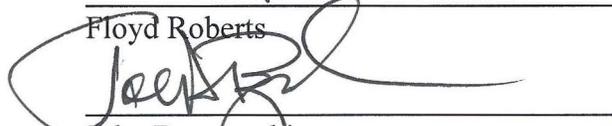
Calvin Pollard



Doug Burrer



Floyd Roberts



John Bruszenski