

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT
HELD
MAY 19, 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 19th day of May, 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
John Bruszenski
Doug Burrer

Also in Attendance Were:

Jennifer Gruber Tanaka, Esq., White Bear Ankele Tanaka & Waldron
Rick Goncalves, P.E., RG & Associates (via speakerphone during the
Engineer Matters portion of the meeting)
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.

**ABSENCE OF
DIRECTOR**

Mr. Gomes entertained a motion to excuse the absence of Director Roberts. No motion was made. Mr. Gomes then entertained a motion to deem that absence of Director Roberts as unexcused.

Upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board deemed the absence of Director Roberts as unexcused.

**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 Burrer and, upon vote, unanimously carried, the Agenda was approved as presented.

Directors' Oaths of Office: Mr. Gomes, as Designated Election Official, reported that the May 3, 2016 Regular Election Canvass Board ("Canvass Board") met on May 12, 2016. The Canvass Board issued its Certificate of Determination, having determined that John Bruszenski, Douglas A. Burrer, and Calvin Pollard were duly elected as Directors to serve until they or their successors are elected and qualified at the second regular special district election in May 2020.

Mr. Gomes, as a Public Notary, administered the Oaths of Office of Director to John Bruszenski, Douglas A. Burrer, and Calvin Pollard with each Director having signed his respective Oath of Office.

Officers of the Board of Directors: Mr. Gomes announced that the Board needed to determine the Directors to fill the Board Offices of President, Vice President, Secretary, Assistant Secretary, and Treasurer by a vote of the Board.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, Director Griffin was elected Board President.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Bruszenski and, upon vote, unanimously carried, Director Pollard was elected Board Vice President.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, Director Burrer was elected Board Treasurer.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, Director Bruszenski was elected Board Secretary.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Bruszenski and, upon vote, unanimously carried, Director Roberts was elected Board Assistant Secretary.

Public Comment:

Priscilla Neus: Ms. Neus asked why the Board recently approved a rate increase when it was her understanding that a rate increase would

not be considered until after the results of the election seeking the District's exemption from the TABOR and 5.5% Statutory Revenue Limits. She was also concerned that her bill stated that the meter reading for the May 2016 bill was done on May 1, 2016 and the previous reading was done in the latter part of March 2016 resulting in higher water use for the water usage tiers. Mr. Gomes responded that the rate increase approved by the Board during its April 14, 2016 Special Meeting resulted from a recently conducted Rate Study and that any potential rate increase resulting from the TABOR and 5.5% Statutory Revenue Limits following an election would be addressed separately by the Board in the event those measures do not pass. He also noted that, although the billing statement indicated a meter reading date of May 1, 2016, the meter reading was done between March 25, 2016 and March 27, 2016. The meter reading date on the statement was due to that being the date that the new billing system was implemented. Ms. Neus stated that 19,500 gallons of monthly water use was reasonable and that the rate increase penalizes customers with landscaped yards. She also stated that she felt that the water rate increase was steep.

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report
- Acknowledge Operations Report
- Approve Minutes of the April 14, 2016 Special Meeting
- Accept Engineer's Report
- Ratify the engagement of Spencer Fane as special counsel to the District for election matters
- Approval of Second Addendum to Independent Contractor Agreement for tree planting between Franks & Beans, LLC dba F&B Landscaping and the District
- Review and approve the payment of claims for the period ending May 19, 2016 as follows:

• General Fund:	\$ 42,709.01
• Capital Fund:	
• Enterprise Fund:	\$ 9,573.21
• Total:	\$ 52,282.22

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

FINANCIAL MATTERS

Revised 2016 Budget Priorities: Mr. Gomes reviewed the 2016 Budget Priorities as updated and revised.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board acknowledged the updated and revised 2016 Budget Priorities.

LEGAL MATTERS

Commitment Letter regarding the Lease Purchase Agreement with Farmers State Bank: The Board considered the Commitment Letter regarding the Lease Purchase Agreement with Farmers State Bank (FSB) for the Construction of the District Office. FSB committed to funding up \$809,000 for the construction of the combined District Office & Maintenance Facility for a term of twenty years.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Griffin and, upon vote, unanimously carried, the Board approved the Commitment Letter regarding the Lease Purchase Agreement with Farmers State Bank (FSB) for the Construction of the District Office and its execution by the Board President.

Resolution 2016-05-01 Concerning Affirmation of Authority to Enter into the Lease Purchase Agreement with Farmers State Bank for the Construction of an Office Facility and Shop: The Board considered Resolution 2016-05-01 Concerning Affirmation of Authority to Enter into the Lease Purchase Agreement with Farmers State Bank for the Construction of an Office Facility and Shop.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted Resolution 2016-05-01 Concerning Affirmation of Authority to Enter into the Lease Purchase Agreement with Farmers State Bank for the Construction of an Office Facility and Shop.

Workplace Training: Attorney Tanaka discussed the proposal for Workplace Relationships and Teambuilding Training to be conducted by Laura Benjamin with Communicate Colorado, LLC. Ms. Tanaka stated that she would need to confirm the training cost based on the current number of employees.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the engagement of Communicate Colorado, LLC to conduct the Workplace Relationships and Teambuilding Training with the District's employees, subject to the confirmation of final costs.

ENGINEER MATTERS

Update on Progress of District Office & Shop Project: Mr. Goncalves reported that the El Paso County Development Services Department (DSD) has caused delays in the Site Development Plan and 1041

Application process. He noted that DSD has recently requested information concerning the proposed booster pump and new well that are not a part of the current project. Mr. Goncalves proposed submitting only the Site Development Plan for approval and postponing the submittal of the 1041 Application so that the 1041 Application does not delay the construction schedule for the office and shop. The Board directed Mr. Goncalves to postpone the submittal of the 1041 Application. Mr. Goncalves stated that he would submit the 1041 Application for the construction of the additional water storage tank and water treatment plant.

Mr. Goncalves noted that the project is now past the design stage and now into the bid process. He reported that the Publication of Bid has been published. The contractor bids are due on June 14, 2016 and the Board will consider the received bids on June 16, 2016, and bid award is on June 17, 2016. The Notice to Proceed is scheduled on June 28, 2016.

Filings 6 & 7 Storm Water Drainage System Maintenance: Mr. Goncalves informed the Board that he is finalizing the Filing 6 & 7 storm water drainage maintenance plan and would have recommendation for the Board to consider at its next meeting.

Authorization to Purchase Skid Steer Loader: Mr. Gomes requested that the Board authorize the purchase of a skid steer loader to replace the District's current skid steer due to its mechanical condition at a cost not to exceed \$25,000.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Griffin and, upon vote, unanimously carried, the Board authorized the purchase of a replacement skid steer loader upon the approval of the Finance Committee.

**EXECUTIVE
SESSION**

Pursuant to Sections 24-6-402(4)(b), (e) and (f), C.R.S., upon motion duly made by Director Bruszenski, seconded by Director Griffin and, upon affirmative vote of at least two-thirds of the quorum present, the Board convened in Executive Session at 8:15 PM for the purpose of negotiations with third parties, personnel matters and receiving legal advice, as authorized by Sections 24-6-402(4)(b), (e) and (f), 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.

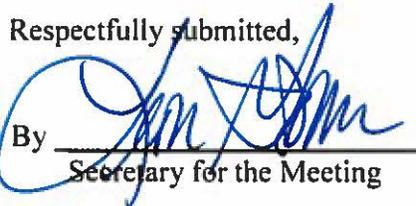
The Board reconvened in regular session at 9:46 P.M. upon motion duly made by Director Bruszenski, seconded by Director Griffin and, upon vote, unanimously carried.

Upon exiting Executive Session, upon motion of Director Bruszenski, seconded by Director Pollard, the Board unanimously denied the request of Lorson North Development Corp. for the assignment of tap fee revenues to Lorson North Development Corp. for the construction of infrastructure within Filing 13.

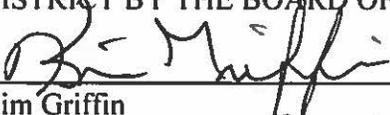
Upon motion of Director Griffin, seconded by Director Bruszenski, with a No vote from Director Burrer, the Board approved a Severance Agreement with a former employee of the District subject to execution of the Agreement by the former employee.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Griffin, 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 MAY 19, 2016 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



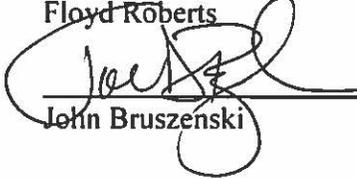
Kim Griffin



Calvin Pollard



Doug Burrer

Floyd Roberts


John Bruszenski

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 May 19, 2016 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 Talaka, Esq.
General Counsel
Paint Brush Hills Metropolitan District

Paint Brush Hills Metropolitan District

Board Meeting Guest Sign-In

Date 5/19/2016

Name	Address	Email Address	Check if you would like to make comments.
Christopher Olney	11262 Palmers Green Dr.	chrisolney@msd.com	<input type="checkbox"/>
Tim + Pascale News	9860 Glenellen Dr.		<input type="checkbox"/>
			<input type="checkbox"/>