

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT
HELD
JULY 21, 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 21st day of July, 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 Burren (for a portion of the meeting)

It was noted that a quorum of the Board was present.

Also in Attendance Were:

Casey K. Lekahal, Esq., White Bear Ankele Tanaka & Waldron (via speakerphone)
Rick Goncalves, P.E., RG & Associates, Inc. (via speakerphone for a portion of the meeting)
Mitch Downs, CPA, Osborne, Parsons & Rosacker (for a 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.

**ADMINISTRATIVE
MATTERS**

Agenda: Mr. Gomes reviewed the proposed agenda for the District's Regular Meeting and requested that the following matter

be added to the Consent Agenda:

- Ratify Settlement Agreement and Release of Claims between Bill Rider, Jr. and the District.

Further, Mr. Gomes requested the amending the following Consent Agenda Matters:

- Change “Review and approve the payment of claims for the period ending July 21, 2016 as follows” to “Ratify the payment of claims for the period ending July 18, 2016 as follows”.

Mr. Gomes requested that the following Financial Matters be removed from the Agenda:

- Accept unaudited financial statements for the period ending June 30, 2016.
- Ratify the payment of claims for the period ending July 12, 2016.

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

Appointment of Director: Mr. Gomes reported that the District received three letters of interest to fill the vacancy for the Office of Director. The letters of interest were received from the following eligible electors of the District by the published deadline:

1. Russell D. Lawrence
2. Christopher Paul Olney
3. Brian Ries

All of individuals who had submitted a letter of interest were present at the Meeting. The candidates were asked questions by the Directors and each was asked to make a statement as to their respective qualifications, abilities, and experience they have that would benefit the District.

The Directors were asked to make a statement as to each of their reasons for becoming a Director. Director Burrer joined the Meeting at this point.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, with a No vote from Director Burrer, the Board approved the appointment of Christopher Paul Olney to serve as Director for a term until they or their successor is elected and qualified at the next regular special district election in May 2018.

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 June 15, 2016 Special Meeting.
- Accept Engineer’s Report.
- Approval of Itron Maintenance Agreement and Itron Indirect Sales Agreement.
- Adoption of Resolution 2016-07-01 Regarding Election on November 8, 2016.
- Approval of Intergovernmental Agreement between El Paso County and the District concerning the November 8, 2016 Coordinated Election.
- Ratify Settlement Agreement and Release of Claims between Bill Rider, Jr. and the District.
- Ratify Partial Assignment of and Amendment to Infrastructure Construction, Conveyance and Reimbursement Agreement (Paint Brush Hills Filing No. 13, Tracts C, D, and E).
- Ratify the payment of claims for the period ending July 18, 2016 as follows:

General Fund:	\$ 25,183.13
Capital Fund:	\$ 9,998.58
Enterprise Fund:	\$ 133,903.68
Total:	\$ 169,085.39

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

Workplace Relationships, Communication, and Teamwork

Workshop: The Board considered a proposal from Communicate Colorado, LLC to conduct two four-hour sessions with the District’s employees concerning Workplace Relationships, Communication, and Teamwork at a cost not to exceed \$6,000.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the proposal from Communicate Colorado, LLC to conduct two four-hour sessions with the District’s employees concerning Workplace Relationships, Communication, and Teamwork at a cost not to exceed \$6,000.

Scenic View Bill of Sale and Acceptance of Infrastructure Improvements: The Board considered the acceptance of a Bill of Sale related to the Scenic View at Paint Brush Hills infrastructure improvements from Lorson South Land Corp., and approval of Acceptance Letter concerning the same, subject to compliance with District acceptance requirements.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the acceptance of a Bill of Sale related to Scenic View at Paint Brush Hills infrastructure improvements from Lorson South Land Corp., and approval of Acceptance Letter concerning the same, subject to compliance with District acceptance requirements.

Filing 13A Trail Easement: Mr. Gomes reported to the Board that he found that the respective property owners of Filing 13A Lots 8, 9 & 10 had constructed fences within the District's twenty-foot trail easement as granted by the recorded plat for Paint Brush Hills Filing 13A. He also observed that an outbuilding had been constructed that was partially within the trail easement in Lot 8. He noted that he sent letters to the property owners of Lots 8, 9 & 10 on March 11, 2016. He sent another letter to the property owners of Lots 8, 9 & 10 on June 28, 2016 following personal contact with the property owners. All the referenced property owners stated that they had not received the March 11, 2016 letter. The June 28, 2016 letter gave the property owners until August 27, 2016 to remove their fences and, if not removed by that date, the District would remove the fences at the sole expense of the respective property owners.

Mr. Gomes was subsequently contacted by Jay Bartz with 699 Properties, LLC, the developer of Filing 13A. Mr. Bartz stated that he was working with the Falcon School District 49 to negotiate an alternate trail easement adjacent to the existing trail easement.

Mr. Gomes asked for the Board direction as to the proposal from 699 Properties, LLC to secure an alternate trail easement and Mr. Gomes' proposal to postpone the deadline for the removal of the fences and structure obstructing the trail easement while 699 Properties, LLC negotiates an alternate trail easement with Falcon School District 49.

Following discussion, the Board's direction was to allow 699 Properties, LLC to proceed with its negotiations with Falcon School District 49 and that any agreement would be subject to the District's acceptance. Further, the Board directed Mr. Gomes to postpone the deadline for the removal of the fences and structure obstructing the

trail easement in order to allow sufficient time for the negotiation between 699 Properties, LLC and Falcon School District 49 for an alternate trail easement.

2016 Special District Association Annual Conference Attendance: Mr. Gomes reported that the 2016 Special District Association Annual Conference is being held September 21-23, 2016 in Keystone, Colorado.

It was determined that Directors Bruszenski, Burrer, and Griffin, and Mr. Gomes plan to attend the 2016 Special District Association Annual Conference. Mr. Gomes was directed to register the District's attendees for the Conference and reserve the necessary lodging.

FINANCIAL MATTERS

2016 Budget Priorities: Mr. Gomes reviewed the 2016 Budget Priorities as updated. He noted that the Finance Committee requested that Priority Number 3, Purchase a Skid Steer, be deferred to 2017. Mr. Gomes noted that an acceptable skid steer had been located and that there was a substantial need to replace the current non-operating skid steer. He requested the Board direction as whether it wanted to defer the purchase of the skid steer or proceed with its purchase.

Following discussion, the Board directed Mr. Gomes to proceed with the purchase of the skid steer.

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

2015 Audit: Mitch Downs, CPA presented the 2015 Audit Report to the Board. He noted that no significant concerns were found during the course of the audit.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board accepted the 2015 Audit.

United States Department of Agriculture Community Facilities Direct Loan & Grant Program: Mr. Gomes reported that there was not a need to proceed with this matter since the Facilities Committee had recommended deferring the execution of the first phase of the District Storm Water Drainage System Maintenance Plan until no sooner than 2017.

**ENGINEER
MATTERS**

Update on Progress of District Office & Shop Project: Mr. Goncalves reported that one bid in the amount of \$1,173,000 had been received from Hammers Construction for the construction of the District Office and Shop Building. He noted that the bid exceeded the project budget by \$300,000. He recommended that a request be made to Hammers Construction to as to what costs may be reduced to bring the construction costs within budget. Mr. Goncalves stated that he believed that the requirements of Title 32 had been met in the published bidding process and that the District could negotiate with other builders to determine if the District could complete the project at a lower cost than the bid from Hammers Construction. Attorney Lekahal affirmed that the District has complied with public bidding requirements and could proceed with negotiating directly with other builders.

Mr. Goncalves further noted that there could be a cost savings by timing the Notice to Proceed and the completion date based on the builder's schedule.

Following discussion, the Board directed Mr. Goncalves to proceed with negotiating the project cost with Hammers Construction and to solicit bids from other builders. Further, the Board agreed to allow the building timeline to be negotiated with the builders.

Storm Water Drainage System Maintenance Plan: Mr. Gomes reported that the Facilities Committee recommended that the first phase of the Storm Water Drainage Maintenance Plan beginning with the southern portion of the storm water channel in Filing 6. The estimated cost for this phase is \$67,332. The Committee further recommended that the first phase proceed no sooner than 2017.

The Board concurred with the recommendation of the Facilities 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 Pollard and, upon affirmative vote of at least two-thirds of the quorum present, the Board convened in Executive Session at 9:52 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

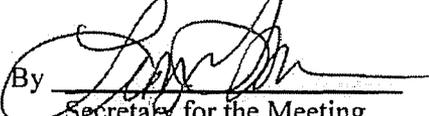
communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 10:22 P.M. upon motion duly made by Director Bruszenski seconded by Director Griffin and, upon vote, unanimously carried.

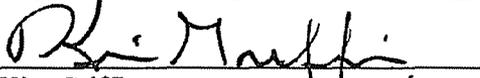
ADJOURNMENT

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

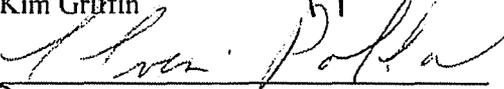
Respectfully submitted,

By 
Secretary for the Meeting

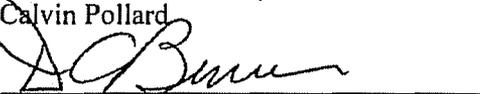
THESE MINUTES ARE APPROVED AS THE OFFICIAL JULY 21, 2016 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



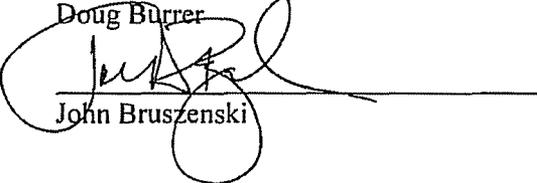
Kim Griffin



Calvin Pollard



Doug Burrer

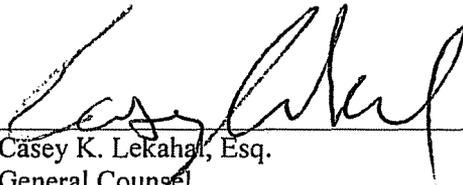


John Bruszenski

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 July 21, 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.



Casey K. Lekahat, Esq.
General Counsel
Paint Brush Hills Metropolitan District

Paint Brush Hills Metropolitan District

Board Meeting Guest Sign-In

Date July 21, 2016

Name	Address	Email Address	Check if you would like to make comments.
Mitchell K Downs	CO springs, CO	mitch@springspa.com	<input type="checkbox"/>
Christopher Olney	11262 Palmers Green Dr Falcon CO 80931	chrisolney@msn.com	<input type="checkbox"/>
Brian Ries	9358 ROCKINGHAM DR FALCON CO 80831	FALCON_FOLKS@YAHOO.COM	<input type="checkbox"/>
Rebecca Bonilla	9560 Worcester Ct 80831	Becky9560@msn.com	<input type="checkbox"/>
DON FELKE	9562 WATERBURY DR PEYTON, CO 80831	Don Felke	<input type="checkbox"/>
RUSSELL D. LAWRENCE	9580 WORCHESTER CT PEYTON, CO 80831	RussLawrence@msn.com	<input type="checkbox"/>
			<input type="checkbox"/>
			<input type="checkbox"/>