

**MINUTES OF A REGUAR MEETING OF
THE BOARD OF DIRECTORS OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT
HELD
SEPTEMBER 21, 2017**

A Regular Meeting of the Board of Directors of the Paint Brush Hills Metropolitan District (referred to hereafter as the "Board") was held on Thursday, the 21st day of September 2017, at 7:00 p.m. at the Paint Brush Hills Metropolitan District Office, 9985 Towner Avenue, Falcon, Colorado 80831. The meeting was open to the public.

ATTENDANCE

Directors in Attendance Were:

Kim Griffin
Calvin Pollard
John Bruszenski
Chris Olney
George Cerbasi

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)
Daniel Slaymaker, Osborne, Parsons & Rosacker, LLP (for a portion of the meeting)
Linda Eberhard, District Assistant
Leon Gomes, District Manager

No members of the public were in attendance.

Mr. Gomes requested to open the meeting with the Pledge of Allegiance, and he lead the Pledge of Allegiance.

**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.

**ADMINSTRATIVE
MATTERS**

Agenda: Mr. Gomes reviewed the proposed agenda for the District's Regular Meeting.

Mr. Gomes requested that the following be added to the District Consent Agenda: 1.4.9 Ratification to the Eighth Addendum between Layne Christensen and the District, for the replacement of the Well 11 Pump Controls.

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

Public Comment: There were no members of the Public present.

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager’s Report.
- Acknowledge Staff Report.
- Acknowledge Operations Report.
- Approve Minutes of the August 17, 2017 Regular Meeting.
- Accept Engineer’s Report.
- Approve Release and Authorization to Use “What2Flush” Logo and/or Trademark between the Orange County Sanitation District and the District.
- Ratify the payment of claims for the period ending September 5, 2017 as follows:

Source Fund	Amount
General Fund	\$ 240.32
Capital Project Fund	\$ 134,651.23
Conservation Trust Fund	\$ -
Enterprise Fund	\$ -
Subdistrict A	\$ -
Total	\$ 134,891.55

- Review and approve the payment of claims for the period ending September 21, 2017 as follows:

Source Fund	Amount
General Fund	\$ 33,591.10
Capital Project Fund	\$ 10,135.62
Conservation Trust Fund	\$
Enterprise Fund	\$ 9,406.62
Subdistrict A	\$ 17,201.28
Total	\$ 70,334.62

- Ratify Eighth Addendum to Independent Contractor Agreement for Layne Christensen, Well 11.

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

Election of Board Officers: Mr. Gomes requested that the Board consider its Officers following the appointment of Director Cerbasi. He also asked whether the Board wished to consider Director Olney's status as the Board Treasurer and Assistant Secretary.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board appointed George Cerbasi as Assistant Secretary and Director Olney as Treasurer. All other current Officer appointments remain unchanged.

Authorizing Director Cerbasi as a Signatory on District Deposit Accounts: Mr. Gomes requested that the Board consider Director Cerbasi as an authorized signatory on the District's deposit accounts with Farmers State Bank. He noted that Farmers State Bank is also requesting that there is a Board action in its meeting minutes that authorizes all current Directors as signatories on the District's deposit accounts.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Cerbasi and, upon vote, unanimously carried, the Board approved George Cerbasi as a signatory and authorizing all Directors as signatories on all Farmers State Bank deposit accounts.

ADP Payroll Services Agreement: Mr. Gomes presented ADP Payroll Services proposal to provide District payroll services to the Board of Directors, noting that the District has experienced significant unresolved issues with the District's current payroll service provider.

Following discussion, upon motion duly made by Director Griffin, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved engaging ADP Payroll Services to provide payroll services to the District subject to final review by legal counsel.

Resolution 2017-09-01 Issuance of Credit Cards (Certain Employees): Mr. Gomes presented Resolution 2017-09-01 Concerning the Issuance of Credit Cards to Certain Employees. The Resolution adds the issuance of a Farmers State Bank VISA credit card to District employee, Linda Eberhard, and acknowledges the name change of Kelcey Riggs to Kelcey DeGeorge.

Following discussion, upon motion duly made by Director Olney, seconded by Director Cerbasi and, upon vote, unanimously carried, the Board adopted Resolution 2017-09-01 Concerning the Issuance of Credit Cards to Certain Employees.

Cancellation of the November 16, 2017 Regular Meeting: Mr. Gomes discussed with the Board that he will not be available on the date of the November 16, 2017 Regular Meeting and requested that the Board cancel the November 16, 2017 meeting and schedule a Special meeting on a prior date. By consensus, the Board agreed to cancel the November 16, 2017 Regular Meeting and schedule a Special Meeting on Wednesday, November 15, 2017.

District Board and Staff Holiday Party: Mr. Gomes proposed scheduling the Staff Holiday Party on Thursday, December 7, 2017.

By consensus, the Board agreed to hold the Board and Staff Holiday Party on Thursday, December 7, 2017 and requested that it be held at Antler Creek.

**FINANCIAL
MATTERS**

2016 Audit: Daniel Slaymaker presented the 2016 Audited Financial Statements with the Board.

Following discussion, upon motion duly made by Director Olney, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board accepted the 2016 Audited Financials subject to final comments from the District's accountant, District's general counsel, and auditor.

The District's Accountant, Neil Schilling, CPA was directed to file the 2016 Audited Financial Statements with the Colorado Office of the State Auditor.

2017 Budget Priorities: Mr. Gomes presented the updated 2017 Budget Priorities to the Board.

Following discussion, upon motion duly made by Director Olney, seconded by Director Griffin and, upon vote, unanimously carried, the Board accepted the updated 2017 Budget Priorities.

LEGAL MATTERS

First Amendment to Infrastructure Construction, Conveyance and Reimbursement Agreement: Attorney Lekahal discussed with the Board the First Amendment to Infrastructure Construction, Conveyance and Reimbursement Agreement with Eagle Development Company concerning the addition of eighty-eight residential lots in Filing 13.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Olney and, upon vote, unanimously carried, the Board approved the First Amendment to the Infrastructure Construction, Conveyance and Reimbursement Agreement with Eagle Development Company.

ENGINEER MATTERS

Administration & Maintenance Building: The Paint Brush Hills Metropolitan District began the publication process with the intent to issue its final payment to Copestone General Contractor, subject to final approval from RG and Associates.

South Manchester Park Gazebo: The construction of the gazebo in South Manchester park is complete. Paint Brush Hills Metropolitan District will conduct the ribbon cutting and dedication of the gazebo on Saturday, October 7, 2017 at 10:00 AM.

Well #1 Issues: No updates.

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 8:46 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 9:57 P.M. upon motion duly made by Director Bruszenski seconded by Director Pollard and, upon vote, unanimously carried.

ON-CALL ALLOWANCE

Operations On-Call Allowance for District Manager: Mr. Gomes discussed with the Board that he will be added to the Operations on-call rotation schedule beginning October 2017 through the return of the District's seasonal employee in May 2018. He noted that the on-call

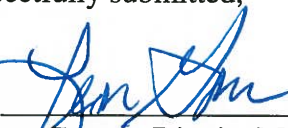
employee receives an on-call allowance of \$100 for the week that such employee is on-call. He requested the Board's authorization to receive the on-call allowance since he will need to remain within a thirty-minute response to the District which is not otherwise required under the District Manager's Position Description.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board authorized the payment of the on-call allowance to Mr. Gomes for the weeks he is on operational on-call status.

ADJOURNMENT

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

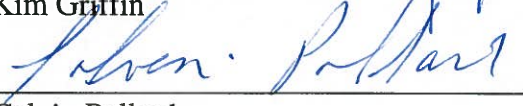
Respectfully submitted,

By 
Leon Gomes, District Manager
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL
SEPTEMBER 21, 2017 REGULAR MEETING MINUTES OF THE
PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE
BOARD OF DIRECTORS SIGNING BELOW:




Kim Griffin



Calvin Pollard



John Bruszenski



Chris Olney

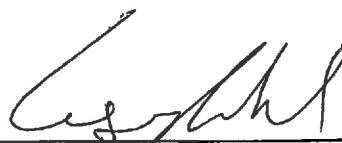


George Cerbasi

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 September 21, 2017 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. Lekahal, Esq.

General Counsel

Paint Brush Hills Metropolitan District