

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD DECEMBER 12, 2013

A special meeting of the Board of Directors (referred to hereafter as “Board”) of the Paint Brush Hills Metropolitan District (referred to hereafter as “District”) was held on Thursday, the 12th day of December, 2013, 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, President
Calvin Pollard
Doug Burrer
Floyd Roberts
John Bruszenski

Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq.; White Bear & Ankele, P.C.

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 disclosure statements 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, and incorporated for the record those applicable disclosures made by the Board members prior to this meeting in accordance with statute.

ADMINISTRATIVE MATTERS

Agenda: Mr. Gomes reviewed with the Board a proposed Agenda for the District’s special meeting.

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

Public Comments: There were no public comments.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report
- Acknowledge Staff Report
- Acknowledge Billing Report
- Acknowledge Operations Report
- Approve Minutes from the November 7, 2013 special meeting and November 21, 2013 regular meeting.
- Ratify approval of an agreement between the District and Paychex.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the consent agenda.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending December 12, 2013, as follows:

General Fund	\$	18,495.04
Debt Service Fund	\$	22,162.12
Enterprise Fund	\$	<u>25,657.77</u>
Total Claims:	\$	<u>66,314.93</u>

Following review and discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending December 12, 2013, as presented.

Financial Statements: The Board deferred review of the unaudited financial statements for the period ending November 30, 2013.

Credit Application from Front Range Winwater Company: The Board entered into discussion regarding a credit application from Front Range Winwater Company.

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Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved opening a charge account with Front Range Winwater Company and authorized the District Treasurer to execute the credit application on behalf of the District.

LEGAL MATTERS

Water Rates: The Board entered into discussion regarding adjustments to the District's water rates. The Board considered a tiered rate restructuring, which would recognize an increase in electric utility rates that were raised in March of 2013, although the District did not increase its water rates to adjust for this until now. The Board determined to provide notice to customers regarding the increase of rates in January of 2014, to take formal action at the February 2014 Board meeting and to institute the increase in rates in March of 2014.

Fee Resolution: The Board then reviewed Resolution No. 2013-12-01, 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 Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted Resolution No. 2013-12-01, Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water and Sewer Services and Facilities, effective immediately, as revised by the Board.

Acceptance of Filing No. 13A Main Line Improvements and Issuance of Letter of Acceptance: The Board entered into discussion regarding acceptance of Filing No. 13A main line improvements and issuance of Letter of Acceptance for same.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Bruszenski and, upon vote, unanimously carried, the Board approved the issuance of the Letter of Acceptance for Water, Sewer and Storm Drainage Improvements – Filing No. 13A to Six Ninety-Nine LA, LLC and authorized the Board President to execute the letter.

2014 Lease: The Board reviewed and considered approval of the 2014 Lease of the District's office.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Burrer and, upon vote, unanimously carried, the Board approved the 2014 Lease effective January 1, 2014 through December 31, 2014 between the District and Johnny and Cora Cook.

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Resolution Establishing Credit Card Policy for Employees: The Board entered into discussion regarding a Resolution Authorizing the Issuance of Credit Cards to Certain Employees.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board adopted the Resolution Authorizing the Issuance of Credit Cards to Certain Employees.

OPERATIONS AND MAINTENANCE

Proposals and Independent Contractor Agreement for 2014 Landscape Maintenance Services: Mr. Gomes reported to the Board that proposals for 2014 landscape maintenance services were requested from All American Maintenance, Inc., Green Thumb Commercial Grounds Maintenance Inc. (“Green Thumb”) and JTB Landscaping. Proposals were received by the deadline from All American Maintenance, Inc. in the amount of \$17,940 and JTB Landscaping in the amount of \$31,890. A proposal was received after the deadline by Green Thumb in the amount of \$17,850.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the proposal from All American Maintenance, Inc., and approved the Independent Contractor Agreement for 2014 Landscape Maintenance Services between the District and All American Maintenance, Inc., in the amount of \$17,940.

OTHER BUSINESS

Proposal from T. Charles Wilson Insurance Services (“T. Charles”) for Updated Property Schedule: The Board entered into discussion regarding the proposal from T. Charles for an updated property schedule.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Burrer and, upon vote, unanimously carried, the Board approved the proposal from T. Charles for an updated property schedule and approved the 2014 District Property and Liability Insurance renewal with the Colorado Special Districts Property and Liability Insurance Pool.

Executive Session -- §§24-6-402(4)(b)(e) and (f), C.R.S.: Pursuant to §§24-6-402(4)(b)(e) and (f), C.R.S., upon motion duly made by Director Griffin, seconded by Director Pollard and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 8:54 p.m. for the purpose of discussing negotiations with third parties, discussing personnel matters and receiving legal advice as authorized by §§24-6-402(4)(b)(e) and (f), C.R.S.

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Furthermore, pursuant to §24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of those portions of the executive session that, in the opinion of the District's attorney, constitute privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened at 9:47 p.m.

Staff Reorganization: Mr. Gomes presented his Employee Staffing Reorganization Proposal to the Board. The Board discussed the proposed staff reorganization.

Following review, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the proposal to set the pay structure.

Annual Employee Bonus: The Board then discussed annual employee bonuses.

Following review, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved a bonus of \$500 for full-time employees and a bonus of \$250 for part-time employees.

Employee Handbook and Job Descriptions: The Board discussed the need to update the employee handbook and job descriptions.

Following discussion, upon motion made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the update of the employee handbook and drafting of job descriptions for an amount not-to-exceed \$1,000.

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 /s/ Leon Gomes
Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL DECEMBER 12, 2013 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:

/s/ Kim Griffin _____

/s/ Calvin Pollard _____

/s/ Doug Burrer _____

/s/ Floyd Roberts _____

/s/ John Bruszenski _____

Attorney Statement REGARDING PRIVILEGED ATTORNEY-CLIENT COMMUNICATION

Pursuant to Section 24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing Paint Brush Hills Metropolitan District, I attended the executive session meeting Paint Brush Hills Metropolitan District convened at 8:54 p.m. on December 12, 2013 for the purpose of discussing negotiations with third parties, discussing personnel matters and receiving legal advice as authorized by Sections 24-6-402(4)(b)(e) and (f), C.R.S. I further attest it is my opinion that all of the executive session discussion constituted a privileged attorney-client communication as provided by Section 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 Section 24-6-402(2)(d.5)(II)(B), C.R.S.

Signed _____
Jennifer Gruber Tanaka, Esq.

Dated: _____