

PAINT BRUSH HILLS METROPOLITAN DISTRICT
Minutes, Board of Directors Meeting
District Office
Thursday, February 21, 2013

1. **Call to Order** – Meeting called to order by Director Kim Griffin at 7:10 p.m. Directors Doug Burrer, David Dalton, Calvin Pollard, and Floyd Roberts were present, as well as District Administrator Ellen Robley, Operator Steve Knepper, Office Assistant Theresa Jameson, and the District's legal counsel, Pat Hrbacek (Forbush Legal Offices, PC). Assistant Attorney General Kerri Stroupe (Colorado Office of the Attorney General) and Julie Majors (Colorado State Land Board) were present by phone at the beginning of the meeting. Developer PJ Anderson (Six Ninety Nine Properties) and one (1) resident were also present for portions of the meeting.

By consensus, the Board agreed to extend professional courtesy to Stroupe/Majors and address item 4.2 at this time (see discussion below). Also, by consensus, the Board agreed to extend professional courtesy to Anderson and address item 4.7 at this time (see discussion below).

2. **Public Business** – Don Felke (resident) stated his concerns about the recent 5% increase in the wastewater treatment service fee charged by Woodmen Hills Metropolitan District (WHMD) to residents of Falcon Hills. Robley reported that many other customers had similarly questioned the fee and annual increases. Felke referenced his vast experience in the wastewater treatment industry and noted that, given that the plant was primarily a lagoon system, WHMD's high fee was hard to understand. Robley noted that the District had made several requests of WHMD to justify its fee per the new Intergovernmental Agreement, with no satisfactory response to date. Burrer expressed his personal hesitancy to put PBHMD on the verge of litigation. On behalf of PBHMD customers, Felke encouraged the Board to pursue a well-deserved response from WHMD as soon as possible, in an effort to curtail compounded, unjustified increases in the future. Dalton/Roberts/Robley will evaluate possible avenues for follow-up for consideration by the Board.

3. **MONTHLY REPORTS:**

3.1. **February Financial Report (Payables for January)** – Robley explained that the \$22,162.12 lease-purchase payment is a scheduled debit by Colorado Business Banking on the 25th of each month. She noted that, in addition to the \$1,300 rent for January, a security deposit of \$1,300 was also paid to the property manager. Pollard questioned, Robley explained that a check had been prepared for both candidates for the 1/17/13 regular board meeting. Since Roberts had been appointed, the check of the other candidate (#8650) needed to be voided in the District's bookkeeping software. Dalton moved, Burrer seconded, to approve the payables as presented for January. Motion approved unanimously.

3.2. **Operations Report** – Robley noted that Layne-Western would complete the electrical wiring and VFD programming for Well #6 in the near future. Amairitek Services has completed repairs to the 0.5 Mgal water storage tank and staff would ensure that the areas with new coating areas were fully cured before putting the tank back online. Amairitek will prepare a report on the work they performed.

3.3 **Billing Report (Lien Actions)** – Robley/Jameson noted that the 2012 billing report had been included for comparison. There was again brief discussion on the high number of customers receiving late fees. Robley said that staff was looking into the discrepancy between water distributed and water usage billed, suggesting that it may be attributed to inaccurate meters. Jameson noted that two (2) customers had brought their

accounts up to date and she recommended releasing the liens associated with each property. Dalton moved, Burrer seconded, to authorize the release of both liens. Motion approved unanimously.

3.4. Parks & Recreation Report – No updates.

3.5. Administrative Update – Robley reported that significant staff time in the past month was spent on the office relocation. In general, the office relocation is complete, although the network and new PC are not yet functioning as desired. Robley plans to distribute a staff update prior to the end of the month, provided staff is available. Board members offered several suggestions to streamline preparation of this report.

4. DISCUSSION and/or ACTION ITEMS:

4.1. Minutes of the January Regular (1/17/13) and Special (1/31/13) Board Meetings – Robley noted the busy month and her delayed preparation of the drafts. Dalton moved, Pollard seconded, to approve the Minutes of the January Regular (1/17/13) and Special (1/31/13) Board Meetings. Motion approved unanimously.

4.2. Amendment to the State Land Board Inclusion Agreement – This item was addressed at the beginning of the meeting. Hrbacek/Robley briefly reviewed the history of the inclusion of the 160-acre State Land Board (SLB) parcel in the southwest corner of the intersection of Meridian and Stapleton Roads. While the SLB no longer has any agreement with a developer for this property, it is not seeking exclusion. The draft Amendment was briefly reviewed last October, with a clear misunderstanding between the parties as to the need for so many changes. At present, the same draft was again being considered with the Board's new understanding that the proposed Amendment allows for greater flexibility by the SLB in negotiating any future developer agreement(s). Dalton moved, Pollard seconded, to approve the Amendment and authorize Griffin/Roberts to execute the necessary paperwork, pending final review and non-substantial changes approved by Hrbacek. Motion carried unanimously. Robley will ensure timely execution of the final documents (to be executed in duplicate). After mutual expressions of thanks, Stroupe/Majors exited the meeting at approximately 7:25 p.m.

4.3. Review & Rank Board Priorities – Robley updated the three (3) lists – ADMINISTRATIVE, CAPITAL, and OPERATIONS & MAINTENANCE -- per prior Board discussion during the 1/31/13 special meeting. Burrer suggested that two (2) board members further rank items on a combined, more succinct list without further input by staff. Pollard offered to work with Burrer and prepare a short list (top 10 only) for discussion by the Board at the March regular meeting. Dalton led the other directors in accepting Pollard's offer. Robley noted her willingness to answer any questions that might arise as Burrer/Pollard scrutinize the lists.

4.4. District Vehicle & Trailer Purchase – Robley noted the \$15K budgeted for vehicles and heavy equipment for FY2013. She provided an example of a small pickup and open trailer for hauling tools/equipment. Robley requested authorization to purchase a small pickup, trailer and some skid steer implements, provided staff found good deals and the purchase was approved by Griffin. Dalton moved, Burrer seconded, to allow for the purchase of a small truck, trailer, and skid steer implements, up to the budgeted amount with oversight by Griffin. Motion approved unanimously.

4.5. Staff Contracts – Staff has not yet completed its draft of the additional text related to safety/security.

4.6. Water Storage Tank Repairs – Robley asked the Board to consider rehabilitation of the 1.0 Mgal water storage tank prior to peak season. She noted that bid documents could be prepared with assistance from

Hrbacek, Dewberry Engineers, and a representative of Sherwin Williams. By consensus, the Board authorized staff to proceed with bidding this project, with the rehab work scheduled to be complete prior to June.

4.7. PBH Filing #13a Water Supply Report – This item was addressed near the beginning of the meeting. Anderson expressed his disappointment with the District's recent Commitment to Serve letter for Paint Brush Hills Filing #13a. He suggested that a draft should have been shared with him, prior to it being filed with El Paso County (EPC). In short, Anderson was concerned with the District's commitment being limited solely to the 17 SFEs (single family equivalents) in this filing, but he also disliked the text stating that assistance may be required of the Developer prior to the completion of PBH Filing #13, which Anderson construed to have financial implications. With considerable turnaround in the local housing market, Anderson restated Six Ninety Nine Properties' desire to resume development in Falcon Hills. He explained that PBH Filing #13 had received Final Plat approval in 2006, but it had never been recorded. With EPC's new phasing regulations, platting of the initial phase of PBH Filing #13 requires approval by the Board of County Commissioners (BOCC). However, subsequent phases can be administratively approved by EPC staff, provided that a finding of sufficiency for water/wastewater was previously accepted by the BOCC.

Anderson requested that the draft Water Supply Report recently prepared by the District's consulting groundwater geologist (Curt Wells) be corrected to note the availability of Meridian Ranch interconnect water for peak season pumping. He voiced his concerns regarding the District's non-operational wells and not-yet-appropriated Dawson supplies, desiring to understand the District's efforts in these areas. Burrer stated that funding drives projects like this and that priorities were shifted amidst the recent, costly litigation with which the District was involved. There was some discussion of other local metropolitan districts, including Woodmen Hills' options with respect to wastewater treatment. Anderson conveyed a willingness of Six Ninety Nine Properties to help the Board with growth projections, financial forecasting, and capital planning. Development of 80-85 SFEs in the multi-family piece (immediately south of Falcon Middle School), plus another 50 SFEs in PBH Filing #13b, is expected to occur within the next couple of years. Finally, since the Board recently agreed to serve 150 SFEs at this point in time, Anderson requested that the District communicate its full, current commitment (150 SFEs) to EPC within the next week, in addition to following up with Curt Wells and submitting his corrected report. With the Board's support, Robley assured Anderson that the Water Supply Report would be corrected and that she would forward it to EPC with a cover letter acknowledging the Board's commitment to 150 SFEs at this time.

8. PBH Filing #13a Engineering Review – By consensus, the Board authorized staff to proceed with finalizing Dewberry's engineering review of the PBH Filing #13a construction plans, followed by any necessary coordination with Six Ninety Nine Properties' engineer.

4.9. PBH Filing #5 Boundary Fences – Per Griffin's suggestion, Robley confirmed that several private fences along the western boundary of PBH Filing #5 are installed on District property. Robley suggested that Six Ninety Nine Properties' engineer (Classic Consulting) could perform a survey to settle location of the property line prior to the District requesting any necessary relocation of private fencing. The District could perhaps use its skid steer to assist residents with this project.

4.10. Tabor Issues – At the suggestion by Robley/Hrbacek, the Board directed Robley to schedule a meeting with the previously recommended consultant to explore the possibility of his work with the District.

4.11. Pumphouse #2 Easement Purchase – After consulting a land acquisition specialist, Robley/Jameson presented an analysis on the value of approximately 1,500 square feet of additional utility easement in the northwest corner of the residential lot at 11245 Cranston Drive. The additional easement will, among other

things, ensure free access to Wells #2 and #5 at Pumphouse #2. Dalton moved, Pollard seconded, to authorize staff to commence negotiations for an additional permanent utility easement with the property owner(s) with total expenditures not to exceed \$5,000. Motion approved unanimously.

4.12. WHMD Communication Follow-Up – Robley noted that this topic had been discussed under item 2 (Public Business). Roberts/Dalton expressed a desire to attend the next WHMD regular board meeting.

5. INFORMATION ITEMS:

5.1. Pumphouse #2 Raw Water Line Engineering – Robley distributed a Preliminary Design Technical Memorandum from Dewberry on this project. She opined that the preliminary cost projections were somewhat elevated, with an exceedingly large contingency. Dewberry will begin the design phase next.

5.2. Denver & Dawson Water Rights/Appropriations – Robley reviewed the status of the District's Dawson Replacement Plan paperwork, recommending that additional areas be included prior to resubmission to the State. By consensus, she was directed to resume work on this project, include the Denver/Dawson water rights underlying the District-owned land where the Conservation Easement is located (northeast corner of Falcon Hills), obtain consent of the current owner of the 40-acre commercial tract (in the northeast corner of Meridian and Stapleton Roads), and seek permission to obtain the Denver/Dawson water rights underlying land owned by Grace Community Church (GCC) and Falcon School District #49. Robley noted that, per a recent conversation with its head pastor, GCC seemed willing to cooperate with the District

6. Other Business – Pollard queried the Board on whether or not to equip the alarm system that was available at the new District Office. By consensus, Pollard was authorized to activate the alarm system, with anticipated setup charges of approximately \$200 and recurring service fee of \$20/month, with Robley and Pollard listed as contacts.

7. Adjournment – There being no further business, Dalton moved, Pollard seconded, to adjourn the meeting. Motion approved unanimously and the meeting was adjourned at 10:13 p.m.

Respectfully submitted and so approved,

(Signed copy on file at the PBHMD Office.)

Floyd Roberts, Secretary
PBHMD Board of Directors