

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD JUNE 20, 2013

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 20th day of June, 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
Floyd Roberts
Doug Burrer
Calvin Pollard

Also In Attendance Were:

Leon Gomes and Debbie McCoy; Special District Management Services, Inc.

Other members of the public as referenced on the attached sign in sheet.

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.

ADMINISTRATIVE MATTERS

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

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 Comment: There was no public comment.

Board Vacancy: The Board discussed the vacancy on the Board of Directors.

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Following discussion, the Board determined to post an announcement of the vacancy on the District website and to prepare a customer letter.

Consent Agenda: The Board considered approval of the following items:

- Manager's Report
- Operations Report
- Billing Report
- Administrative Update

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the above items.

Minutes: The Board reviewed the Minutes from the May 16, 2013 Regular Meeting.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Minutes from the May 16, 2013 Regular Meeting were approved, as amended.

EMPLOYMENT MATTERS

District Employment Offers: The Board reviewed and discussed the District employment offers.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the District employment offers.

Employee Benefits with The Colorado Employer Benefit Trust ("CEBT"):
The Board discussed employee benefits with CEBT.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved employee benefits with CEBT and authorized Director Griffin to execute the Agreements pursuant thereto.

FINANCIAL

Claims: The Board considered the approval of the payment of claims for the

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MATTERS

period ending June 20, 2013 in the amount of \$18,530.17.

Following review and discussion, upon motion duly made by Director Pollard, seconded by Director Roberts and, upon vote, unanimously carried, the Board approved the payment of claims for the period ending June 20, 2013, as presented.

The Board then considered ratifying approval of the June 15, 2013 payroll.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board ratified approval of the June 15, 2013 payroll.

Unaudited Financial Statements: Discussion was deferred.

2012 Audit Preparation: The Board considered ratifying approval of the engagement of Osborne, Parsons and Rosacker to prepare the 2012 Audit.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board ratified approval of the engagement of Osborne, Parsons and Rosacker to prepare the 2012 Audit in an amount not to exceed \$5,200.00

LEGAL MATTERS

Amendment to District Rules and Regulations Regarding Customer Definition: Mr. Gomes sought Board clarification on customer definition. The District's current practice is to bill tenants for utilities and there are many outstanding balances dating back several years. Previous audits have recommended that these balances be written off. Mr. Gomes recommended that only property owners and not tenants be billed for utilities, requesting and receiving the Board's direction as such.

Termination of District Administrator Contract between the District and Ms. Ellen Robley (effective June 1, 2013): The Board considered ratifying approval of the termination of the District Administrator Contract between the District and Ms. Ellen Robley effective June 1, 2013.

Following discussion, upon motion duly made by Director Burrer, seconded by Director Roberts and, upon vote, unanimously carried, the Board ratified approval of the termination of the District Administrator Contract between the District and Ms. Ellen Robley effective June 1, 2013.

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OPERATIONS AND MAINTENANCE

Entryway Landscape Restoration: Director Pollard reported to the Board that he has been working with Green Thumb Landscaping and that the Entryway Landscape Restoration Project is complete.

Paint Brush Hills Filing No. 13a Construction Plans Signing: Mr. Gomes reported to the Board that the Filing No. 13a construction plans have been signed and that excavation work has started.

2014 Water/Wastewater Revolving Fund Survey: Mr. Gomes reported that SDMS will prepare and file the 2014 Water/Wastewater Revolving Fund Survey with the Colorado Department of Public Health and Environment (“CDPHE”).

Water Storage Tank Report/Update:

0.5 Mgal Water Storage Tank: Mr. Gomes reported that the outside watering days were changed to an odd/even address schedule which has improved demand management.

1.0 Mgal Water Storage Tank: It was noted that the refurbishing of the 1.0 Mgal Water Storage Tank is in process.

Parks and Recreation Report: Mr. Gomes reported to the Board on the status of the Drayton Green Park Project.

OTHER BUSINESS

Follow-Up Items:

Communication with Woodmen Hills Metropolitan District (“WHMD”): It was noted that there is a meeting pending with two Board members from WHMD.

Communication with Doug Woods with Meridian Ranch Services District (“MRSD”): Mr. Gomes reported to the Board that he, Ms. McCoy and Mr. Anderson are meeting with Mr. Woods with MRSD on July 2, 2013.

Future Agenda Items: The Board determined to discuss the following items at the July 2013 Board Meeting:

- Appointment of Vice President to the Board of Directors
- Proposal for the Drayton Green Park Project
- Statewide Internet Portal Authority (“SIPA”)

EXECUTIVE

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4) (b) (e) and (f),

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SESSION

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

The Board reconvened in regular session at 9:28 p.m.

ADJOURNMENT

Following discussion, upon motion duly made by Director Pollard, seconded by Director Burrer and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By /s/ Leon Gomes
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 20, 2013
MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY
THE BOARD OF DIRECTORS SIGNING BELOW:

/s/ Kim Griffin

/s/ Floyd Roberts

/s/ Doug Burrer

/s/ Calvin Pollard