

**PAINT BRUSH HILLS METROPOLITAN DISTRICT**  
**Minutes, Board of Directors Meeting**  
**District Office**  
**Thursday, May 16, 2013**

1. **Call to Order** – Meeting called to order by Director Kim Griffin at 7:06 p.m. Directors Doug Burrer, David Dalton, Calvin Pollard, and Floyd Roberts were present, as well as the District’s legal counsel, Pat Hrbacek (Forbush Legal Offices, PC), District Administrator Ellen Robley, Operator Steve Knepper, Operator Calvin Pollard, Operations Assistant Donald Smith, and Office Assistant Theresa Jameson. Also present were Debby McCoy and Leon Gomes (Special District Management Services, Inc.) and approximately 15 members of the public.

After introductions and by consensus, the Board agreed to address item 4.3. at this time (see discussion below).

2. **Public Business** – There were no other issues addressed under public business, besides item 4.3.

3. **MONTHLY REPORTS:**

- 3.1. **May Financial Report (Payables for April)** – Robley noted that the payment to Colorado Special Districts Property & Liability Pool (CSD Pool) added the 2000 Ford Ranger to PBHMD’s policy. The ‘interim invoice’ was classified as such by the CSD Pool, since the District receives an annual invoice at the beginning of the calendar year. Director Dalton moved, Director Pollard seconded, to approve the payables as presented for April. Motion approved unanimously.

- 3.2. **Operations Report** – Staff reported that Well #6 was still being purged and not yet online, due to taste and odor issues. An interior ladder had been installed in the 1.0 Mgal water storage tank. Director Griffin has executed the Contract with Norvell Construction on the recoating of this tank. Ms. Robley will issue the Notice to Proceed as soon as a corrected Maintenance Bond is received.

- 3.3. **Billing Report (Lien Actions)** – Ms. Jameson presented the billing report and recommended taking lien action on one (1) delinquent account. The property is in a unique situation with regard to the timing of bankruptcy and foreclosure. Ms. Jameson confirmed that the District has not received a bankruptcy notice. Director Dalton moved, Director Pollard seconded, to commence the lien process on this account. Motion approved unanimously. Director Burrer signed the Notice of the Intent to File a Lien.

- 3.4. **Parks & Recreation Report** – Ms. Robley reported the soil has been amended and the block retaining wall(s) repaired at Drayton Green. Staff confirmed that the landscaping blocks on the pallets in the Londonderry Drive entryway belong to the contractor carrying out the Meridian Road improvements.

3.5. **Administrative Update** – Ms. Robley entertained comments on the April 30, 2013 and May 16, 2013 staff updates. It was noted that the 2000 Dodge Dakota was in the shop for repairs.

4. **DISCUSSION and/or ACTION ITEMS:**

4.1. **Minutes of the April Regular (4/18/13) and May Special (5/2/13) Board Meetings** – Director Burrer moved, Director Roberts seconded, to approve the Minutes of the April Regular Board Meeting (4/18/13). Motion approved unanimously. Director Burrer moved, Director Roberts seconded, to approve the Minutes of the May Special Board Meeting (5/2/13). Motion approved unanimously.

4.2. **WHMD Communication Follow-Up** – Ms. Robley confirmed that a response had not yet been received from Woodmen Hills Metropolitan District (“WHMD”) on the March 26, 2013 request for information related to the wastewater treatment fee charged to residents of Falcon Hills. Director Burrer expressed his opposition to pursuing of a response from WHMD. Director Dalton noted that the PBHMD Board was responsible for verifying that WHMD’s wastewater fee is consistent with the Intergovernmental Agreement (IGA). It was discussed that WHMD had never adequately detailed/justified the fee it charges to PBHMD customers. Robley suggested that WHMD needed to verify that the fee, in part, because any portion of the fee charged to PBHMD residents that exceeds eligible charges per the IGA could be used by WHMD to offset other service costs to its residents. John Bruszenski (resident and former board member) noted that the IGA was executed with the understanding that, in part, in exchange for PBHMD’s interest in the Paint Brush Hills Wastewater Treatment Facility (WWTF), PBHMD residents would pay no capital costs with the new arrangement through their monthly wastewater fee. Directors Griffin and Dalton noted that, while WHMD had acknowledged this understanding in the past (per correspondence in September 2011), the monthly wastewater fee had not been reduced, adding that WHMD’s numbers had never satisfactorily justified their charge. Director Roberts agreed that the situation needed to be resolved and said that he planned to attend the next WHMD board meeting. Robley reported that, per her discussions the WHMD Board at its April regular meeting, Keith Moulton, WHMD Board President, indicated he would look into the situation by working with John McGinn (JDS-Hydro Consultants), WHMD’s consulting engineer. There was some discussion on the need for verifiable financial information, rather than calculations and cost estimates performed by an engineer. Attorney Hrbacek summarized the long-standing situation and confirmed that PBHMD was simply asking WHMD to do what they were supposed to do per the IGA, i.e., provide a detailed explanation of the fee. Griffin/Dalton directed Robley to request that this item be put on the agenda for the May 23, 2013 WHMD board meeting as they planned to attend the meeting and communicate PBHMD’s concerns to the WHMD Board.

4.3. **Special District Management Services Contract** – This item was addressed at the beginning of the meeting. Lynn Eagle (resident) questioned the need for a management company and asked what was involved. Director Burrer, speaking on behalf of the Board discussed the pending change in management, assuring customers that service rates would not be increasing. He distributed copies the Special District Management Services, Inc. (SDMS) proposal which he had drafted. Director Burrer said that SDMS was hired by the Board at its May 2, 2013 special meeting. He described SDMS as having local management who, with

access to legal counsel, would provide higher quality and more professional service to the District a lower cost. Director Burrer listed a host of problems the District currently faced including stagnant development, updating the Service Plan, prioritizing capital improvements (e.g., centralized water treatment), all of which would be addressed through working with SDMS. His list included stagnant development within Falcon Hills, the need to update the District's Service Plan, developing a prioritized list of capital improvements (including centralized water treatment) supported by the District's budget, developing policies and procedures (including ones that address district-developer relationships), better billing and tracking of expenses, and creation of a 'real' website for the District. He suggested that collaborative efforts with regard to bringing outside water into the Falcon area would ensure that house values increase, despite the drop in water levels within the District's groundwater wells/aquifers. Putnam (resident and former board member) asked when the Board would vote on the change and expressed his full support. Director Burrer noted that SDMS had already been hired, Attorney Hrbacek had reviewed the contract, and that their first task would be to convert District staff from independent contractors to employees, since the District had been skirting the line on this issue. Director Burrer noted that Attorney Hrbacek would still be involved with the District, albeit his attendance at meetings would be minimized. He also noted his aversion to litigation, stated that the \$500K spent on the wastewater treatment lawsuit was ill-advise and unwise.

- 4.4. **Entryway Landscape Restoration Proposal** – Staff provided the Board with a summary of three (3) proposals for restoration of the formal turf areas in the Londonderry Drive entryway at the Meridian Road intersection. There was some discussion on the possibility of seeding this area, rather than sod replacement. Ms. Jameson noted the importance of a nice looking entryway, particularly with the possibility of some model homes being constructed in the near future in the pending Paint Brush Hills Filing #13a. Director Pollard will be working with Green Thumb to verify the completion of the project.
- 4.5. **FY2012 Audit – Engagement of Dazzio & Plutt, LLC** – Ms. Robley presented the engagement letter from Dazzio & Plutt, LLC to carry out the FY2012 audit at a cost of \$5,700. Director Burrer stated his desire to obtain competitive bids with assistance from SDMS, along with authorization to execute an engagement if SDMS was successful in obtaining a lower bid. Director Burrer expressed concerns that the need for a Tabor audit, which recently cost the District \$5,000, was not addressed in the prior auditor's letter to management. Attorney Hrbacek and Ms. Robley reported that they had not met with Dazzio & Plutt, LLC on this issue until after the FY2011 audit was completed. Director Burrer moved, Director Dalton seconded, to authorize Director Burrer to engage either Dazzio & Plutt, LLC or any competitor which SDMS recommended and offered the audit service for FY2012 at a lower cost. Motion approved unanimously.
- 4.6. **Water/Wastewater Revolving Fund Eligibility Survey** – Ms. Robley said she had reviewed last year's surveys and recommended filing the same list of projects for this year's online survey, to be submitted by June 30, 2013. By consensus, the Board authorized Ms. Robley to proceed with her recommendation.

4.7. **PBH Filing #13a Construction Plans Signing** – Ms. Robley noted the Board’s prior direction that staff work with Dewberry and Classic Consulting (the Developer’s engineer) to finalize the PBH Filing #13a Construction Plans. Now that the plans have been completed, they need to be signed. Director Burrer questioned, Ms. Robley confirmed, that all agreed-upon corrections had been made on the plans. Director Dalton moved, Director Roberts seconded, to authorize Ms. Robley to sign the multiple sets of construction plans for PBH Filing #13a. Motion approved unanimously.

5. **INFORMATION ITEMS:**

5.1. **PBHMD Service Plan** – Ms. Robley provided the Board with ten (10) documents which confirmed that the District’s Service Plan has been appropriately updated. To ensure that the District’s electronic file is complete at the State level, the Addendum documents need to be forwarded to the Department of Local Affairs (DOLA).

5.2. **Wells Fargo Lease-Purchase Credit Card** – Ms. Robley provided the Board with three (3) documents which confirmed that the five (5) Wells Fargo credit cards were required by the terms of the lease-purchase. Director Burrer stated that District staff would need relinquish their credit cards, including Director Griffin’s, by June 1, 2013. He reported that debit/fleet cards were available through Farmers State Bank (FSB) and that the new cards would be managed by SDMS via a check-out/check-in procedure. Director Burrer noted his intent to minimize the District’s accounts with Wells Fargo and setup monthly autopay for the lease-purchase monthly through FSB. Ms. Robley noted the autopay had already been established.

5.3. **0.5 Mgal Water Storage Tank** – Ms. Robley briefly reviewed the District’s dealings with M&M Tank Coating Company, including their no-show in September/October 2012 for a third round of warranty work on the 0.5 Mgal water storage tank. Director Burrer expressed his desire to take legal action against M&M for non-performance. Director Burrer moved, Director Dalton seconded, to authorize Attorney Hrbacek to send a demand letter, including a deadline for response, to M&M for the cost of recent repairs to this tank. Motion approved unanimously.

5.5. **1.0 Mgal Water Storage Tank** – Ms. Robley reported that the Norvell Construction was ready to begin on the 1.0 Mgal water storage tank recoating project, having sent signed copies of the Contract back. However, there is an inconsistency in their Maintenance Bond that needs to be corrected, prior to Robley issuing a Notice to Proceed. Director Griffin signed the contract, which Ms. Robley will hold the executed until the problem is corrected.

5.6. **Safety Equipment Purchase (insurance reimbursement)** – Ms. Robley reported that the Colorado Special Districts Property and Liability Pool has \$1,914.82 in Loss Prevention Grant allocation funds available to the District. These funds can be used to reimburse the District for its purchases of safety equipment.

6. **Other Business** – None.

7. **Adjournment** – There being no further business, Director Pollard moved, Director Roberts seconded, to adjourn the meeting. Motion approved unanimously and the meeting was adjourned at 9:47 p.m.

THESE MINUTES APPROVED AS THE OFFICIAL  
MAY 16, 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