

RECORD OF PROCEEDINGS

MINUTES OF A SPECIAL MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD NOVEMBER 7, 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 7th day of November, 2013, at 6:30 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 (for a portion of the meeting)
John Bruszenski

Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

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

P.J. Anderson; 699 Properties LA, LLC

See attached sign-in sheet for additional attendees.

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.

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ADMINISTRATIVE MATTERS

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

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

Resolution Establishing Regular Meeting Date, Time and Location/Designating the Locations for 24-Hour and 72-Hour Notices and

Agenda: The Board entered into discussion regarding the Resolution Establishing Regular Meeting Date, Time and Location/Designating the Locations for 24-Hour and 72-Hour Notices and Agenda.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried, the Board adopted the Resolution Establishing Regular Meeting Date, Time and Location/Designating the Locations for 24-Hour and 72-Hour Notices and Agenda which is attached hereto and incorporated herein by this reference.

Public Comments: Resident Becky Bonilla asked why the Board was rescheduling its next Board meeting. Ms. Bonilla also questioned the Board's authority to raise the base fee billing rate. She requested that the District post its Service Plan on the District's website and also asked questions about the District's auditor. Mr. Gomes addressed each of these questions.

FINANCIAL MATTERS

2014 Draft Budget: The Board reviewed and discussed the 2014 draft Budget. The Board confirmed the public hearing to consider adoption of the 2014 Budget was to be held on Thursday, November 21, 2013 at 7:00 p.m. at the regular meeting location.

LEGAL MATTERS

Engagement of White, Bear and Ankele, P.C.: The Board considered the engagement of White, Bear and Ankele, P.C. as the District's general legal counsel.

Following discussion, upon motion duly made by Director Pollard, seconded by Director Burrer and, upon vote, unanimously carried, the Board approved the engagement of White, Bear and Ankele, P.C. as the District's general legal counsel.

Termination of Forbush Legal Offices, P.C.: The Board discussed the termination of Forbush Legal Offices, P.C. as the District's counsel.

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Following discussion, upon motion duly made by Director Pollard, seconded by Director Burrer and, upon vote, unanimously carried, the Board approved the termination of Forbush Legal Offices, P.C. and directed Mr. Gomes to advise Mr. Hrbacek of the termination and directed Attorney Tanaka to provide formal written notice of the same. The Board thanked Mr. Hrbacek and his firm for their work on the District.

Presentation on Possible Water Sources: Mr. Anderson gave his presentation to the Board on possible water sources including the Bar X pipeline and Cherokee Metropolitan District. He discussed with the Board the proposed Falcon Regional Water Development Authority project, with a potential start date around the summer of 2015. He noted that revenue pledges will be based on new development in the area.

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

THESE MINUTES ARE APPROVED AS THE OFFICIAL NOVEMBER 7, 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