

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT HELD JUNE 19, 2014

A regular 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 19th day of June, 2014, 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
Calvin Pollard
Doug Burrer
John Bruszenski

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Burrer and, upon vote, unanimously carried, the absence of Director Roberts was excused.

Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq.; White Bear Ankele Tanaka & Waldron (via speakerphone)

See attached sign-in sheet for additional attendees.

DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST

Disclosure of Potential or Existing Conflicts of Interest: The Board discussed the requirements pursuant to Colorado law to disclose any potential or existing conflicts of interest to the Board of Directors and to the Secretary of State. Attorney Tanaka reported that disclosures for those directors with potential or existing conflicts of interest were filed with the Secretary of State's Office and the Board at least 72 hours prior to the meeting, in accordance with Colorado law, and those disclosures were acknowledged by the Board and are attached hereto. Mr. Gomes noted that a quorum of the Board was present and inquired into whether members of the Board had any additional disclosures of potential conflicts of interest with regard to any matters scheduled for discussion at this

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meeting. No additional disclosures were noted.

ADMINISTRATIVE MATTERS

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

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

Public Comments: Mr. Lawrence asked the Board how many District wells are currently operational. Mr. Gomes responded that there are five operational wells plus the District interconnect with Meridian Service Metropolitan District, all of which supply water to the District at present. Mr. Lawrence also inquired into how many Board members attended the Board of County Commissioners' meeting regarding the new development. The Board noted that no Board members attended the meeting.

CONSENT AGENDA

Consent Agenda: The Board considered the following actions:

- Acknowledge Manager's Report.
- Acknowledge Staff Report.
- Acknowledge Operations Report.
- Approve Minutes of the May 22, 2014 Special Meeting.
- Ratify Independent Contractor Agreement (Asphalt Repair Services) between the District and Avery Asphalt, Inc.

Following discussion, upon motion duly made by Director Bruszenski, seconded by Director Pollard and, upon vote, unanimously carried the Board approved the consent agenda with revisions to the Minutes of the May 22, 2014 Special Meeting.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of claims for the period ending June 18, 2014, as follows:

General Fund	\$	22,254.63
Debt Service Fund	\$	-0-
Enterprise Fund	\$	51,147.16
Total Claims:	\$	<u>73,401.79</u>

Mr. Gomes reviewed the claims with the Board. It was noted that a check payable to the Woodmen Hills Metropolitan District was incorrectly issued in

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the amount of \$17,103.63 and should have been issued in the amount of \$2,000. The amount of the claims above reflects this adjustment.

Director Bruszenski inquired into the check to Mr. Lindt. It was noted that the check was for two months of phone reimbursements.

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 June 19, 2014, with the aforementioned adjustment.

Financial Statements: Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending May 31, 2014.

Following review and discussion, upon motion duly made by Director Burrer, seconded by Director Griffin and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending May 31, 2014, as presented.

2014 Budget Priorities Progress: Mr. Gomes reviewed with the Board the progress of the 2014 Budget Priorities as follows (in order of priority):

1. Restore Well #6 to full service—In progress, nearly complete.
2. Secure Pump house #2 Easement—An offer has been made to property owner. The property owner has responded with questions. Mr. Gomes and Attorney Tanaka will draft a response to the property owner.
3. Favorably resolve the Denver and Dawson Water Appropriations and Augmentation—Mr. Gomes has contacted the District Engineer to begin work on this matter.
4. Replace Wells Fargo Credit Cards with Farmers State Bank Credit Cards—An application for Farmers State Bank VISA Credit Cards was signed by Directors Burrer and Pollard. The Wells Fargo Credit Cards will be cancelled upon receipt of the Farmers State Bank Credit Cards. The Board directed Mr. Gomes to remove this item from the priorities list.
5. Upgrade Office Computer and Communications—Mr. Gomes reported that the desktop computers had been upgraded. Mr. Gomes is working with Spillman Enterprises to spec and estimate the cost of a new server. In addition, a new email hosting service is being considered.
6. Upgrade Meter Reading Equipment—Mr. Gomes received a proposal to upgrade the meter reading equipment and software from National Meter in the amount of \$15,000. The proposal will be presented to the Board at a future meeting.

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7. Obtain Additional Acreage for Office/Shop/Centralized Water Treatment Facility and Obtain Consensus from D-49 for Location of PBHMD Facilities and Proposed Falcon Elementary School—Conceptual drawings for the facilities and a site plan are being presented to the Board during this meeting.

The Board directed Mr. Gomes to move up above the “Red Line” the following priorities:

8. Define PBHMD Facility Requirements and Investigate Building Designs for Construction.
10. Purchase Accessories for Skid Steer.
11. Landscape Stapleton/Meridian Intersection Marquee for District Enhancement/Investigate Changing Name on Signs to Read “Paint Brush Hills”.

2013 Audit: Mr. Gomes reported that he is awaiting the receipt of the draft 2013 Audit. Mr. Gomes will contact the District Auditor to confirm its delivery in sufficient time to allow for review of and comment on the draft.

Transfer of \$33,000 from District Checking Account to Premier Money Market Account (designated for Capital Projects): Director Burrer proposed to the Board the transfer of \$33,000 from the Farmers State Bank Checking Account to the Farmers State Bank Premier Money Market Account that has been designated for Capital Projects.

Following discussion, the Board directed Director Burrer to transfer \$33,000 from the Farmers State Bank Checking Account to the Farmers State Bank Premier Money Market Account.

LEGAL MATTERS

Rules and Regulations: The Board entered into discussion regarding the status of the Rules and Regulations. Attorney Tanaka reported that she was awaiting revisions to the draft Rules and Regulations from the District Engineer which has resulted in the rescheduling of two conference calls. Attorney Tanaka will contact the District Engineer to request that he send out his revisions and schedule another conference call upon their receipt.

Infrastructure Construction and Conveyance Agreement: Attorney Tanaka discussed with the Board the Infrastructure Construction and Conveyance Agreement with the Landuis Company for Scenic View and Paint Brush Hills. She noted that P.J. Anderson had requested that the District cap the fees related to the District’s expenses related to the Agreement. Attorney Tanaka recommended

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that the fees not be capped as it provided no incentive for the developer to perform efficiently and left the District at risk of bearing any costs in excess of a cap. She further noted that the cost of development should not be placed on the current rate payers of the District.

Following Discussion, upon motion duly made by Director Burrer, seconded by Director Pollard and, upon vote, unanimously carried, the Board approved the Infrastructure Construction and Conveyance Agreement with the Landuis Company for Scenic View and Paint Brush Hills as presented.

OPERATIONS AND MAINTENANCE

Well 6 Disinfection: Mr. Gomes reported that the District Staff is in the process of bringing Well #6 back into production and that several disinfections have already been completed and that the well is being purged before it is reconnected to the water storage tank.

OTHER BUSINESS

District Office/Treatment Facility/Shop Conceptual Drawings and Site Plan: Mr. Gomes presented conceptual drawings for the planned District Office, Shop, and Water Treatment Facility as prepared by JDS-Hydro Consulting, Inc. The options presented included having all three facilities combined into one building, and having the office separate from a combined shop and water treatment facility.

The locations considered were as follows:

1. Placing the office east of the water tanks on property not currently owned by the District and the placement of the combined shop/water treatment facility on District property west of the water tanks.
2. Placing a building combining all facilities southwest of the water tanks and along Towner Road. In this option, a portion of the building would extend onto property not currently owned by the District. This site concept assumes the joint use of the staff parking for the proposed elementary school.
3. Placing a combined facility along Towner Road and across the street from the water tanks. This property is not currently owned by the District.

The conceptual drawings and site plan were presented for information only and for future consideration as the project progresses.

Development Activities Update: Mr. Gomes reported having met with Len Haffeman and Dave Perkins representing Diamond Ridge, and P.J. Anderson representing 699 Properties. Diamond Ridge is a Castle Rock-based real estate development firm that has signed a letter of intent to purchase approximately 400 of the remaining undeveloped, platted lots in filing 13. If the sale closes,

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Diamond Ridge proposes to build 156 homes in its initial phase. They also propose to purchase a portion of the five-acre lot at the corner of Towner and Londonderry on which they would like to build a recreation center and pool. Diamond Ridge also wishes to determine the District interest in having a District Office in the recreation center.

ADJOURNMENT

There being no further business to come before the Board at this time, upon motion duly made by Director Bruszenski, seconded by Director Pollard and upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

By



Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 19, 2014 MINUTES OF THE PAINT BRUSH HILLS METROPOLITAN DISTRICT BY THE BOARD OF DIRECTORS SIGNING BELOW:



Kim Griffin



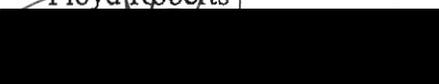
Calvin Pollard



Doug Burrer



Floyd Roberts



John Bruszenski