

## RECORD OF PROCEEDINGS

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**MINUTES OF A REGULAR MEETING OF  
OF THE BOARD OF DIRECTORS OF THE  
CASCADE METROPOLITAN DISTRICT NO. 1  
HELD  
FEBRUARY 24, 2015**

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the “Board”) was duly held on Tuesday, the 24<sup>th</sup> day of February, 2015, at 5:30 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, Colorado. The meeting was open to the public.

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### **ATTENDANCE**

#### **Directors In Attendance Were:**

Mike Whittemore  
Mike Herr  
Bob Justis

Following discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, unanimously carried, the absences of Director Eason and Director Spaulding were excused.

#### **Also In Attendance Were:**

Leon Gomes; Special District Management Services, Inc.

Jennifer Gruber Tanaka, Esq., White Bear Ankele Tanaka & Waldron, P.C.

Andre Kilik and Duane Schorman; District Operators

Members of the Public; see attached list

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### **DISCLOSURE OF POTENTIAL CONFLICTS OF INTEREST**

**Disclosure of Potential or Existing Conflicts of Interest:** Mr. Gomes advised the Board that, pursuant to Colorado law, certain disclosures may be required prior to taking official action at the meeting. 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. Mr. Gomes noted that a quorum 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 meeting. No additional disclosures were noted..

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### ADMINISTRATIVE MATTERS

Agenda: Mr. Gomes reviewed the proposed Agenda for the District's Regular Board Meeting.

Following discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, unanimously carried, the Agenda was approved, as presented.

#### Public Comment:

Sandy Pennick addressed the Board and asked if the \$5,000,000 Bond matter is what is on March 3, 2015 El Paso County Commissioners agenda. Attorney Tanaka confirmed that the County Commissioners will consider whether to amend the District's service plan to allow the District to issue up to \$5 Million in revenue bonds. She also noted that there are no minutes, financial statements or claims since September 2014 in the library. The Board requested that Mr. Gomes follow up on this to ensure these are posted immediately. She was wondering how 360 customers can pay the debt back and asked about the balances of Legal and Management costs. Director Whittemore replied that the District will continue to use Legal and Management services. She then asked if the Board has taken legal action against the auditor, Terry Malcom and P.J. Anderson. Attorney Tanaka replied that the District has engaged Legal Counsel to conduct an investigation to pursue claims against the auditor.

A customer addressed the Board and asked about the status of the Stults water line and inquired into whether there is another contractor who can perform the work. Mr. Gomes noted that the District is waiting for the contractor to get the project scheduled and explained that a more in-depth update will be provided under operations.

Bob Pennick addressed the Board and whether the Board will pursue grant funding for some of the District's projects. Mr. Gomes replied that he has applied for a grant through the CDPHE but, unfortunately, that particular grant was not awarded to the District. It was noted that other grants will be applied for in the future. He also asked whether there is an update on the engineering report for CSU. Attorney Tanaka reported that the report needs to be completed and submitted to CSU by June 1, 2015. The District Engineer has completed a preliminary report and he will provide an updated estimate for the improvements at the March 2015 meeting.

Jim Borden addressed the Board for an update regarding last month's discussion regarding cutting costs for meter readings. Mr. Gomes reported that he is waiting for a proposal from National Meter for the cost of a software

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license in order for Mr. Kilik to transmit meter reads to Special District Management Services, Inc.

**Correspondence:** Mr. Gomes advised the Board that no correspondence had been received.

**Minutes:** The Board reviewed and considered the Minutes from the January 27, 2015 Regular Meeting.

Following discussion, upon motion duly made by Director Herr, seconded by Director Justis and, upon vote, unanimously carried, the Board approved the minutes of the January 27, 2015 Regular Meeting.

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### **FINANCIAL MATTERS**

**Claims:** The Board considered approval of the payment of payables through the period ending February 24, 2015, totaling \$51,103.93.

Following review and discussion, upon motion duly made by Director Herr, seconded by Director Justis and, upon vote, unanimously carried, the Board approved the payment of payables, as presented.

**Financial Statements:** Mr. Gomes noted that the financial statements for the period ending January 31, 2015 were in the process of being completed by the District Accountant and would be available at the March 24, 2015 Regular Meeting.

Mr. Gomes presented a proposal from the District Accountant to prepare a monthly cash flow statement that would provide accounts payables past due balances and amounts paid to liabilities each month. The District Accountant estimated that it would take five hours to create the report and forty-five minutes each month to update the report on an ongoing basis. Director Herr opposed having the District pay the estimated cost of developing and preparing the report, and felt that it should be included as part of the services provided by SDMS. He inquired into whether the software had the capability of generating a report with this information that would avoid the additional costs to the District. Mr. Gomes explained that all accounting services provided by SDMS are billed on an hourly basis to the District and he was not aware of a report that could be generated with this information that was being requested. Director Herr requested that the invoices from Biggs-Kofford, JDS-Hydro Consulting, Inc., Special District Management Services, Inc., and White Bear Ankele Tanaka & Waldron be included in the Board Packet when it is sent to the Directors so that the Board could review the detail of each invoice, including the past due amounts that continue to accrue for each vendor.

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### OPERATIONS MATTERS

**Operator's Monthly Report:** Operator Andre Kilik reported to the Board on the following matters:

1. Operator Kilik advised the Board that water usage was 1.29 million gallons so far this month. The District used 400 cu. ft. in one day when it usually uses 800 cu. ft. per day. A valve was turned on at the Hensleys at 1 gallon per minute to prevent the main line to their home from freezing.
2. Operator Kilik advised the Board that the Outpost Road resident is working with the operators to schedule a meter audit.
3. Testing has been completed.
4. Operator Kilik advised the Board that he will have the Bluffs Hydrant and Aspen Glow Hydrant looked at by Lamb Plumbing and noted that these cannot be flushed.
5. Operator Kilik advised the Board that Lamb Plumbing & Excavating will be ready to start the Stults service line replacement by next week.
6. Operator Kilik reported that he is not receiving the test results and requested that Mr. Gomes check to see if they are going to SDMS.

**First Addendum to Lamb Plumbing & Excavating Independent Contractor Agreement:** Mr. Kilik reported that the costs for the Stults repair are slightly higher than previously approved by the Board and presented a revised proposal to the Board for consideration.

Following review and discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, unanimously carried, the Board authorized Lamb Plumbing & Excavating to proceed with the Stults Waterline Improvement Project, for an amount not to exceed \$10,708.68 and approved the First Addendum to the Lamb Plumbing & Excavating Independent Contractor Agreement with the revised proposal.

**Proposal from JDS-Hydro Consultants, Inc. and Fourth Addendum to Independent Contractor Agreement for Operator Training and Assistance:**

The Board entered into discussion regarding a proposal from JDS-Hydro Consultants, Inc., for operator training and assistance. Mr. Gomes explained the purpose of the proposal and need for ongoing compliance with the CDPHE and proper reporting and paperwork documenting the same.

Following discussion, upon motion duly made by Director Herr, seconded by Director Justis and, upon vote, unanimously carried, the Board approved the proposal from JDS-Hydro Consultants, Inc., for operator training and assistance, for an amount not-to-exceed \$7,600, and the Fourth Addendum to

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the Independent Contractor Agreement with JDS-Hydro Consultants, Inc. for the same.

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### **LEGAL MATTERS**

**Inclusion Election:** Attorney Tanaka reported to the Board that the Court issued an order calling the election. She will certify the ballot content by the March 6, 2015 deadline. The election will be conducted as a mail ballot election.

**Service Plan Amendment for Refinancing and System Improvements and Inclusion of Boundaries:** Attorney Tanaka noted that the District Service Plan Amendment will be considered by the El Paso County Board of County Commissioners on March 3, 2015, at 9:00 AM at Centennial Hall. Attorney Tanaka reviewed the purpose of the Amendment with those present and answered questions. Attorney Tanaka noted that those who were not able to attend the Commissioners' hearing but wanted to either support or oppose the amendment could sign signature pages that she had and she would present those to the Commissioners at the hearing.

**Parcel Y from RMG Properties, LLC:** Attorney Tanaka informed the Board that the District received a deed for Parcel Y from RMG Properties, LLC, which is the parcel where the Triangle Building is located. She noted that the previous deed received from RMG Properties, LLC had an incorrect legal description attached and was not effective as a result.

Following discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, unanimously carried, the Board accepted the deed for Parcel Y from RMG Properties, LLC.

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### **EXECUTIVE SESSION**

**EXECUTIVE SESSION:** No executive session was needed at this time.

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### **OTHER BUSINESS**

**2014 Annual Report:** Mr. Gomes reviewed the 2014 El Paso County Annual Report and Disclosure with the Board and requested its approval of the Report.

Following discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, unanimously carried, the Board approved the 2014 Annual Report.

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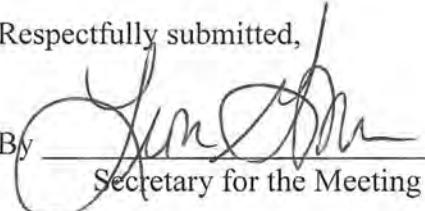
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### ADJOURNMENT

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

Respectfully submitted,

By



Jim O'Donnell

Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 24, 2015 MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

Mike Whittemore



Mike Whittemore

Mike Herr



Bob Justis

Bob Justis

Troy Eason



Troy Eason

Stephen Spaulding

# CASCADE METROPOLITAN DISTRICT NO. 1

February 24, 2015

Please *print* your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
Jim Borden	4640 mantissa		

# CASCADE METROPOLITAN DISTRICT NO. 1

February 24, 2015

Please *print* your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
<i>Bob Penning</i>			

# CASCADE METROPOLITAN DISTRICT NO. 1

February 24, 2015

Please *print* your name, address and phone number and the issue(s) you are interested in addressing at this meeting.

NAME	ADDRESS	TELEPHONE/EMAIL	ISSUE(S) TO BE ADDRESSED
<i>Sandy Susan S</i>			<i>ominibus meeting bees</i>
			<i>Ops-Lamb</i>