

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD MARCH 25, 2014

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 25th day of March, 2014, at 5:00 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

P. J. Anderson
Mike Whittemore
Mike Herr
Robert Justis
Troy Eason

Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

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

Duane Schorman; Operator

Andre Kilik; Assistant Operator

Members of the Public; see attached list

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. In response to a request from Chris Reimer, Ms. Tanaka read to those present the Conflict of Interest disclosures that were filed for Director Anderson. Director Anderson 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

RECORD OF PROCEEDINGS

disclosures were noted.

Attendance of District Attorney

Director Anderson announced that District Attorney Dan May would not be at the meeting to provide a briefing on the ongoing embezzlement investigation. Director Anderson further stated that he had received information from the District Attorney's Office that any charges against the alleged embezzler would be filed later than the previously planned time period of May or June 2014 due to the ongoing investigation. Members of the public expressed concern with this being the third meeting at which they expected the District Attorney's attendance but without him there to respond to the public and provide a status directly from his office.

ADMINISTRATIVE MATTERS

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

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

Public Comment: There were questions regarding the Board's formation and to whom bills are being paid. Director Anderson explained the process and purpose of forming the District and the relation with the Cascade Public Service Company.

There was a question on how to obtain Public Records. Attorney Tanaka responded that there is a Public Records Request Form that needs to be completed to request copies of Public Records. She also explained that there may be a cost to the requestor for the Public Records depending on whether the document requested requires research or paper duplication. She noted that certain documents that are regularly scanned and available and are requested in electronic format do not require payment of a fee but still require that the request form be completed. She noted that the policy and form will be included in the binder in the library for those interested in obtaining copies of public records. The Board inquired into the status of the District's website and it was noted that it is still in process with SIPA. The Board inquired into whether a member of the public with website creation experience could donate time to create a website for the District to keep things moving. Attorney Tanaka confirmed that this would be acceptable should the Board agree and desire. She noted that a separate hosting would be required. Attorney Tanaka offered to post commonly requested public documents on her firm's website until the District's website is operational. Ms. Tanaka provided her website address and instructions for finding the documents to the members of the public and noted she would post this year's minutes, resolutions, and the 2014 budget on the website by the beginning of the following week. Director Anderson

RECORD OF PROCEEDINGS

noted that he has placed binders with pertinent documents including formation, litigation pleadings, engineering studies in the Ute Pass Library Branch.

A question was asked about the 2012 Audit. Attorney Tanaka explained the auditing process to the Board and members of public. Director Anderson responded that BiggsKofford is in the process of completing the draft 2012 Audit.

Mr. Johnson asked if the employees and directors are bonded. Ms. Tanaka responded that the District is required by Colorado law to maintain bonds on the Directors and Mr. Gomes confirmed that the District currently has insurance for the District and its employees.

There was question about whether the District received late notices from Colorado Springs Utilities (“CSU”) as other utilities provide. Director Anderson responded that the District did receive late notices, which were going to the former District Administrator. Director Anderson noted that when late notices were being received, the District was disputing the amount of water for which it was being billed as there appeared to be an overbilling for the water. The District contracted a firm to test Colorado Springs Utilities master meter. It was discovered there had be a cumulative overbilling of approximately \$102,000 as of the date the meter was tested. Until this date, the District believed the overbilling was approximately \$400,000. It was at this time that the Board believed there was an issue with the financial statements and accounting and the Board immediately contacted the District Attorney’s office to investigate the issue.

Director Anderson explained the history of the CSU fees and increases and noted that a portion of the increases were passed on to customers but that the full fees should have been passed on and eventually this caught up with the District and the District got behind on its bills with CSU. On the last day prior to default under its agreement, the District issued a bond in the amount of \$100,000 to an individual to catch up on the water bills with CSU and avoid the default. Director Anderson noted that this is a 10 year bond, with interest, and the District is current on its payments.

A question was asked about the existence of other loans. Director Anderson stated that there is a low interest loan from the Colorado Department of Local Affairs for infrastructure improvements that was issued in the amount of \$600,000 that was coupled with a \$400,000 grant. These funds were used to repair infrastructure, including meters, lines and valves and to help reduce leaks as much as possible.

A District customer asked why Mr. Malcom was hired and whether he was vetted by the Board. Director Anderson noted that the Cascade Public Service Company hired Mr. Malcom in 2003 and when the District was formed in 2004, he became a

RECORD OF PROCEEDINGS

contractor for the District. It was noted that he was not vetted as someone would be today and that in hindsight it would have been handled differently.

There were several questions about a possible settlement with the City of Colorado Springs/Colorado Springs Utilities. Director Anderson responded that any settlement with the City of Colorado Springs will be considered during a public meeting. Director Anderson stated that during previous discussions with the City, the City had no interest in taking over the District's water system. They are now open to discussing that possibility. Director Anderson proposed forming a citizen's committee to make recommendations to the Board concerning the resolution of issues the District is currently addressing. A member of the public inquired into who is paying for the lawsuit. Director Anderson stated that District funds are not being used for the lawsuit with the City of Colorado Springs but that he has contributed his own funds for a portion of the lawsuit and that RMG Properties, LLC is currently funding the litigation. It was noted that the District is required to have separate counsel during the settlement negotiations and that Attorney Tanaka's involvement will be limited for that purpose to contain costs as much as possible.

One customer stated that the water shutoff valve at her residence is inoperable and needs to be replaced before construction work can be done on her home. She inquired into whether there was a capital reserve fund for the District. Director Anderson noted that the District is currently living month to month but that the ultimate goal is to have a reserve fund.

A customer inquired into whether the District would be in better financial position if the embezzlement had not occurred. Director Anderson confirmed and also noted that the District has struggled financially due to unaccounted for water use which continues to be an issue.

A member of the public asked whether the District can convey the water rights to the City. Director Anderson responded that while the Cascade Public Service Company owns the water rights, the City of Colorado Springs currently has dominion and control over the water rights. Director Anderson explained that the water rights to serve the customers were conveyed under the 1990 Agreement and that the remaining water rights were used as collateral to secure a property loan which defaulted and, as a result of the default, RMG Properties, LLC claims an ownership interest in those rights which is why they are involved in the litigation with the City.

Several members of the public made comments about the ability of the community to trust the Board as a result of recent events.

A customer asked Director Anderson about his relationship with Jay Bartz and Mr.

RECORD OF PROCEEDINGS

Bartz's relationship to the District. The customer went on to describe a criminal conviction that Mr. Bartz had in 1993. Director Anderson responded that Mr. Bartz is a business partner in a real estate development they have in another development and that his only relationship with is the District is that he owns property in Cascade.

A customer questioned whether the District owns the property on which the water tank is located. Director Anderson responded that if the District does not own that property, it should as that was always the intent. Director Anderson said that he would check into the ownership of the property and if the District does not own the property he would seek to correct it.

Several customers commented they do not feel that they should be paying back what was embezzled since they paid their fees in the first place and that Mr. Malcom should not have been brought in as manager. Another District customer asked if the location of Mr. Malcom is known. Director Anderson responded that he is living in Colorado Springs.

Mr. Reimer asked about the status of the Board's response to a letter sent to the Board by Gary Garrison. Several Directors responded that the Board's response was done verbally in public meeting. Mr. Reimer noted he believes there should be a written response to the letter.

Mr. Reimer asked if the Colorado Springs Utilities lawsuit was going to be dropped. The Board noted that that is not a consideration at this time.

A District customer requested that the list of approved claims be placed in the library.

It is noted that Director Justus left the meeting during Public Comment.

Minutes: The Board reviewed and considered the minutes from the February 18, 2014 Special meeting.

Following discussion, upon motion duly made by Director Herr, seconded by Director Whittemore and, upon vote, unanimously carried, the Minutes were approved as presented.

The Board then reviewed and considered the Minutes of the February 25, 2014 Regular meeting.

Following discussion, upon motion duly made by Director Herr, seconded by Director Whittemore and, upon vote, unanimously carried, the Minutes were

RECORD OF PROCEEDINGS

approved as presented.

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of payables through the period ending March 25, 2014, totaling \$39,066.36.

Following review and discussion, upon motion duly made by Director Whittemore, seconded by Director Herr and, upon vote, unanimously carried, the Board approved the payment of payables, subject to availability of funds.

Cash Analysis: Mr. Gomes presented the Cash Analysis prepared by the District Accountant. The analysis indicated that the District remains unable to pay all of its claims without reducing the fund balance to an unacceptable level. Some claims had to either be deferred or partially paid to maintain an acceptable level of funds.

2012 Audit: Mr. Gomes reported to the Board that the 2012 Audit was pending completion by BiggsKofford CPAs. Director Anderson noted that there may be a conflict of interest in BiggsKofford performing the 2013 Audit as he planned use this firm as an expert witness in a potential future claim against the auditing firm that was previously engaged by the District. The Board directed Attorney Tanaka to confirm whether a conflict of interest exists with these two roles.

Resolution No. 2014-03-01; Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water Services and Facilities:

Mr. Gomes presented and discussed with the Board an analysis of Projected Revenues and Expenditures for the Budget years 2014 and 2015. The analysis indicates that the District would need to increase revenues by approximately \$18,000 per month in order to meet the District's expenditures and fund adequate reserves. The revenue increase could be either through a water use rate increase or a fee per customer. Mr. Gomes recommended that the District engage JDS-Hydro to perform a rate study and noted that JDS-Hydro provided an estimate of \$7,000 to conduct the rate study. Mr. Gomes noted that SDMS would also be able to perform a rate study for the District. The Board requested that Mr. Gomes advise what it would cost for SDMS to provide a rate study and the Board will revisit the issue at the next meeting to determine whether a rate study is affordable and when. The Directors expressed their concern about increasing rates or imposing any additional fees at this time.

Monthly Water Service Charges: The Board rejected the consideration of any action on this matter as there was no motion.

Imposition of Availability of Service Charges: Attorney Tanaka explained the imposition of an Availability of Service (AOS) Charge and to which properties it would apply. She noted that the AOS would not apply to any current customers

RECORD OF PROCEEDINGS

receiving service from the District but only to those properties which did not receive service but who were located within 100 feet of the District's infrastructure. Attorney Tanaka explained the legislative intent behind the AOS charge and noted that it can only be used to repay debt. Director Anderson expressed his concerns about imposing an AOS because of how the Town of Cascade is platted. He felt that there are many undersized lots that would be subject to the AOS and that the property owners would allow the foreclosure of these properties rather than paying the AOS Charge. This matter failed without a motion.

OPERATIONS MATTERS

Operators Report: Operator Andre Kilik reported that the Rampart Terrace leak check was performed on March 19, 2014 for one hour at midnight. He reported that 374 gallons was measured at the master meter for entire system. There was some discussion about meters and ERT and whether there may be issues with the meter reading correctly. Mr. Gomes will work with Mr. Kilik to provide a spreadsheet template that will track monthly billed usage with Colorado Springs Utilities billed usage.

Mr. Kilik reported that he recently ordered chemicals.

Mr. Kilik reported an issue with the shut off valve at 4605 Mesa Road and noted that the valve is leaking and the property owner wants to move it but it is stuck and will not budge. Mr. Kilik noted that there are two additional shut off valves that he is trying to locate to see if they will work.

Mr. Lichina stated that the flushing hydrant near his residence does not work. Mr. Lichina said that there is a lot of dirt coming into his home through his water.

Stults Residence: *Availability of Funding for Water Line Repair:* Mr. Gomes reported that there are currently no funds available to replace the water line in reference to the Stults residence. The Board requested that funds be incrementally set aside so that the water line replacement can be scheduled.

The Board requested that projects such as this, the fire hydrant repairs and shut of valve repairs all be added to the funding priorities list so that they can be tracked and monitored and do not fall off of the Board's radar.

Easement Agreements with Property Owners for Water Line: The Board discussed easement agreements with property owners for water line replacement at the Stults residence. Attorney Tanaka noted that three easements will be required for the

RECORD OF PROCEEDINGS

waterline improvements.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Herr and, upon vote, unanimously carried, the Board approved the Easement Agreements for execution with property owners related to the water line replacement at the Stults residence, subject to legal finalization.

Account #479 Request: Mr. Kilik reported that he met with Tom Lichina's tenant to determine whether the property has a leak or whether the issue is excess water use. Mr. Kilik noted that tenant said that he had not used excessive amounts of water and there were no continuously running toilets in the home. Mr. Kilik can find no evidence suggesting that the excess water is from property owner or tenant usage and that the reading is not logical. He also confirmed that the meter appears to be working appropriately as well. Mr. Lichina provided comments and Mr. Gomes recommended that the Board review the usage for the month immediately before the month in question and the month immediately after and average the costs for the bill.

Following discussion, upon motion duly made by Director Herr, seconded by Director Eason and, upon vote, unanimously carried, the Board approved adjusting the November 2013 water use charge to this account to the average of the water use charge for October 2013 and December 2013 and to waive all late fees associated with the billing.

Proposal for Repair of Broken Fire Hydrant: Mr. Kilik reported to the Board that he has requested a proposal from Lamb Plumbing & Excavation for repair of the broken fire hydrants.

Request to Reclassify Pipeline Surcharge on Account number 130 from Non-Residential to Residential: Brian Reynolds addressed the Board and asked for reconsideration of its February 25, 2014 decision to deny his request to reduce pipeline surcharge from Non-Residential to Residential. Mr. Reynolds explained that his Bed & Breakfast was closed for business in May 2013 and that he and his wife now occupy the former Bed & Breakfast as their personal residence. He said that the cabins are being rented to long-term tenants and they are separately metered. He said that he will continue to rent rooms in the former Bed & Breakfast as the opportunity arises but that it is very limited.

Following discussion, upon motion duly made by Director Herr, seconded by Director Eason and, upon vote, unanimously carried, the Board approved the reclassification of the Pipeline Surcharge for Account number 130 from Non-Residential to Residential, subject to the rooms rental being limited to a maximum of four times per year.

RECORD OF PROCEEDINGS

Request from Property Manager for Property at 4665 Fox Road to Waive Late Fees, Monthly Charges, and Transfer Fee: Mr. Gomes provided the Board with a letter from property manager, Donna Jones stating that a tenant at this property had notified the previous District Administrator on April 30, 2013 that she was moving out of the residence and requested that the billing be changed to the property owner. That request was not completed. Unpaid monthly fees and late charges continued to accumulate as the property owner was unaware of them. When the property was transferred to new owners on March 7, 2014, the property owner learned of the accumulated charges. The property owner was also notified of the \$250 Transfer Fee that was applied as a result of the property transferring ownership. In her letter, Ms. Jones requested that the past due balance as of April 3, 2013, the accumulated late charges and the Transfer Fee be waived.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Herr and, upon vote, unanimously carried, the Board approved waiving the accumulated late charges in the amount of \$205 as well as the water use fee and the monthly charges for the month of April 2013. The Board denied waiver of the Transfer Fee.

LEGAL MATTERS

May 6, 2014 Election: Attorney Tanaka reported that May 6, 2014 Election was cancelled and that the Notice of Cancellation and Declaration of Candidates Elected is to be filed and published by Mr. Gomes's office. The Director Oaths will be administered at the May 27, 2014 Regular Meeting.

Draft Memorandum to Residents Regarding Procedures for Inclusion into District Boundaries: Attorney Tanaka discussed with the Board the letter that she drafted explaining the inclusion process, which was requested by members of the public at the February 25, 2014 meeting. Attorney Tanaka explained that the intent would be for the letter to be mailed to all District customers with the April billings. Attorney Tanaka noted that while the process itself is quite simple and can be initiated by the Board by resolution, an election would be required which would cost approximately \$15,000-\$20,000. Ms. Spalding, the District customer who had requested that the Board proceed with the inclusion, withdrew her request after learning the cost of the election. The Board took no action on the matter.

Adoption of Resolution No. 2014-03-02; Resolution Adopting the Colorado Special Districts Records Retention Schedule: Attorney Tanaka presented the Board with a resolution adopting the Colorado Special Districts Records Retention Schedule and noted that the State Archive's Office adopted the schedule which outlines the dates by which certain documents may be destroyed. In order for the District to follow this schedule, it is necessary for the District to resolve to do so

RECORD OF PROCEEDINGS

then advise the State Archive's office of the same.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Eason and, upon vote, unanimously carried, the Board adopted Resolution No. 2014-03-02; Resolution Adopting the Colorado Special Districts Records Retention Schedule.

Preparation of Employee Handbook: Attorney Tanaka recommended to the Board that it consider adopting an Employee Handbook since the District has employees. She stated that an Employee Handbook provides the District employees with certain policies, procedures and expectations and is heavily relied upon when addressing employment and human resource issues. She noted that, because of her firm's relationship with an employment attorney, an Employee Handbook can be provided for the District at a substantially discounted fee of \$350. The Board requested that they be provided with an example of an Employee Handbook and chose to defer action while it reviews the example handbook.

Independent Contractor Agreement and First Addendum to Independent Contractor Agreement for Plumbing and Excavation Services between the District and Lamb Plumbing & Excavating, Inc.: Attorney Tanaka presented the Board with an Independent Contractor Agreement with Lamb Plumbing & Excavating, Inc., for the provision of general plumbing and excavation services.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Herr and, upon vote, unanimously carried, the Board approved the Independent Contractor Agreement for plumbing and excavation services between the District and Lamb Plumbing & Excavating, Inc.

The First Addendum to Independent Contractor Agreement for Plumbing and Excavation Services between the District and Lamb Plumbing & Excavating, Inc. addressing the waterline repairs for the Stults property was not deferred until funds are available.

OTHER BUSINESS

Future Agenda Items: No future agenda items were discussed.

ADJOURNMENT

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

Respectfully submitted,

RECORD OF PROCEEDINGS

OTHER BUSINESS

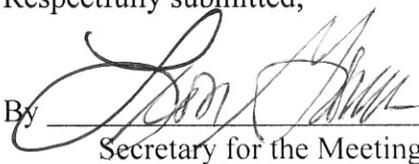
Future Agenda Items: No future agenda items were discussed.

ADJOURNMENT

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

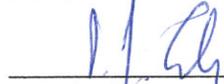
Respectfully submitted,

By



Secretary for the Meeting

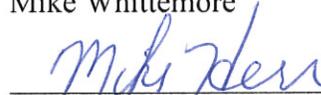
THESE MINUTES ARE APPROVED AS THE OFFICIAL MARCH 25, 2014 MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:



P.J. Anderson



Mike Whitemore



Mike Herr

Bob Justis



Troy Eason

OFFICE OF THE SECRETARY OF STATE
OF THE STATE OF COLORADO
CERTIFICATE

20145008163

I, Scott Gessler, as the Secretary of State of the State of Colorado, hereby certify that, according to the records of this office,

P.J. ANDERSON
PRESIDENT
CASCADE METROPOLITAN DISTRICT NO. 1

has disclosed and filed a Conflict of Interest with this office in accordance with section 24-18-110, C.R.S., and Rule 1.1 of the Secretary of State's Rules Concerning Conflicts of Interest.

The Conflict of Interest Disclosure was filed with the following information:

Amount of Financial Interest (if any): n/a

Purpose and Duration of Services Rendered: Additional information was filed as an attachment.

Other Relevant Information: Additional information was filed as an attachment.

This certificate reflects facts established or disclosed by documents electronically filed in this office on 03/19/2014 @ 11:33:54 AM.

I have affixed hereto the Great Seal of the State of Colorado and duly generated, executed, authenticated, issued, delivered and communicated this official certificate at Denver, Colorado on Wednesday, March 19, 2014 @ 11:33:59 AM pursuant to and in accordance with applicable law.



A handwritten signature in black ink, appearing to read "Scott Gessler".

Secretary of State of the State of Colorado

CONFLICTS DISCLOSURE FORM

TO: THE BOARD OF DIRECTORS OF CASCADE METROPOLITAN DISTRICT NO. 1; AND THE SECRETARY OF STATE

FROM: P.J. Anderson

RE: Disclosure of Conflict or Potential Conflict of Interest

I, P.J. Anderson, am a member of the Board of Directors (the "Board") of Cascade Metropolitan District No. 1, (the "District").

In accordance with Section 24-18-109(3)(b), Section 24-18-110, Section 32-1-902, and Section 18-8-308, C.R.S., I hereby give notice to the District and the Secretary of State that to the best of my knowledge, information and belief, and as disclosed herein, I have a conflict or a potential conflict of interest which may impinge on my fiduciary duty and the public trust with respect to the matters set forth herein.

Further, in accordance with applicable law, this disclosure contains information regarding my ownership of any interest in property within the boundaries of the District, and any affiliation I may have with any business(es) or other private entity(ies) and the amount of any financial interest with respect to my qualification as a director and to any other specific transaction under consideration by the Board of the District, which may give rise to my conflict or potential conflict of interest.

The interests in property within the District and business ventures described in this Disclosure Form may create the potential for conflicts of interest in my service as a member of the Board, in that actions under consideration or actions officially taken by the Board may benefit, directly or indirectly, my interests as disclosed herein. Such actions may include, but are not limited to: authorization of construction of public improvements, actions to engage contractors for improvements or services, actions relative to various requirements of state, local and federal laws and other matters to keep the District in good standing as a political subdivision of the State of Colorado, issuance of bonds or incurrence of other financial obligations in furtherance of the District's activities, approval of reimbursement agreements with business ventures in which I have a financial interest or in which I have a personal interest, establishing and collecting fees and taxes, approval of payments and other official actions or decisions of the Board, and negotiations relative to any such matters.

1. Do you have any real or personal property (i.e. taxable business property) interests within the boundaries of the District or that may be affected by activities of the District? Yes No

If yes, please describe the location and size of the property and the percentage you own or the extent of your personal interest.

Property

Interest

2. Do you have any interest in any business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses and the extent of your ownership.

Business

Percentage Interest

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

3. Are you a director or officer in any business or businesses that may become or are currently involved with or affected by the activities of the District? Yes No

If yes, please list the business or businesses and the office held.

Business

Office

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

4. Do you personally have a loan or debtor interest which may be affected by action of the District's board? Yes No

If yes please list the entities that you have loaned money to, or that have loaned money to you and the amount of the loan or debtor interest

Business

Amount

I am the sole owner of the Cascade Public Service Company ("PSC"). PSC assigned its rights to receive treated water from the City of Colorado Springs in 2005 at no cost. In addition, PSC has agreed to convey sufficient water rights to the District at no cost to serve its customers should PSC and the District be permitted to terminate a 1990 Agreement with the City and construct a new water treatment plant. The only asset of PSC is water rights. In the event that the 1990 Agreement is terminated and sufficient water rights are conveyed to the District as agreed, I have a financial interest in the remaining water rights.

5. Do you have a creditor interest in any insolvent business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses, the extent of your interest in the business and the amount of your creditor or debtor interest.

Business

Percentage Interest

6. Are you currently employed by, or in negotiations for employment with, any business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses and the amount of compensation (i.e. salary, bonus or compensation based on profitability of the business) and/or other compensation.

Business

Compensation

7. Do you provide services to any business or businesses that may become involved with or are affected by the activities of the District? Yes No

If yes, please list the business or businesses, the type of services provided, the time period the services were or will be provided and the type and amount of compensation.

Business

Services

Purpose

Time Period

Compensation

8. I have the following additional personal or private interests which may create a potential conflict of interest: _____

9. Are you a member of an executive board of an owners' association located within the boundaries of the District? (i.e., a HOA, POA or similar) Yes No

If yes, please list the name of the association and the office you hold.

In addition to the foregoing disclosure, which shall be deemed a continuing disclosure, and shall apply to all actions taken at meetings of the Board for which I am a participant, and shall, by the filing hereof with the Board and the Secretary of State, be deemed made at least 72 hours in advance of any such meeting, in accordance with law, I may also have a conflict or potential conflict of interest with respect to the following specific transactions which may come before the Board:

1. Exhibit A which is the agenda for the meeting.

Signature: _____

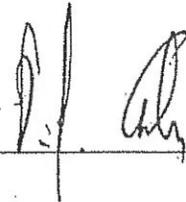


EXHIBIT A
(Meeting Agenda)

CASCADE METROPOLITAN DISTRICT NO. 1

Administrative Offices

141 Union Boulevard, Suite 150
Lakewood, Colorado 80228-1898
Tel: 303-987-0835 · 800-741-3254
Fax: 303-987-2032

NOTICE OF REGULAR MEETING AND AGENDA

Board of Directors:

P. J. Anderson
Mike Whittemore
Mike Herr
Bob Justis
Troy Eason

President
Vice President
Secretary/Treasurer
Assistant Secretary
Assistant Secretary

Term/Expires:

2014/May 2014
2014/May 2014
2016/May 2016
2014/May 2014
2016/May 2014

DATE: March 25, 2014

TIME: 5:00 p.m.

PLACE: Cascade Fire Station
8015 Severy Road
Cascade, CO 80809

I. ADMINISTRATIVE MATTERS

- A. Present Disclosures of Existing and Potential Conflicts of Interest.
-

- B. Approve Agenda.
-

- C. Public Comment. (Matters not otherwise on the Agenda. Public Comment Limited to 3 Minutes per Person)
-

- D. Review and approve Minutes of the February 18, 2014 Special Meeting and the February 25, 2014 Regular Meeting (enclosures).
-

II. FINANCIAL MATTERS

- A. Review and approve the payment of payables for the period ending March 25, 2014 in the amount of \$42,530.37 (enclosure).
-

- B. Discuss cash analysis (enclosure).

- C. Discuss status of 2012 and 2013 Audits.

- D. Consider Adoption of Resolution No. 2014-03-01; Amended and Restated Resolution Concerning the Imposition of Various Fees, Rates, Penalties and Charges for Water Services and Facilities (enclosure).

 - 1. Discuss and Consider Increasing Monthly Water Service Charges (to be provided under separate cover).

 - 2. Discuss and Consider Imposition of Availability of Service Charges.

III. OPERATIONS MATTERS

- A. Operator's Monthly Report.

- B. Update on Stults Residence.
 - 1. Discuss availability of funding for water line repair.

 - 2. Consider Approval of Easement Agreements with Property Owners for Water Line.

- C. Discuss and consider Account #479 water billing.

- D. Review and consider proposal for repair of broken fire hydrant.

IV. LEGAL MATTERS

- A. Discuss Status of May 6, 2014 Election (enclosure).

- B. Review Draft Memorandum to Residents Regarding Procedures for Inclusion into District Boundaries (to be provided under separate cover)

- C. Consider Adoption of Resolution No. 2014-03-02; Resolution Adopting the Colorado Special Districts Records Retention Schedule (enclosure).

- D. Discuss and Consider Approval of Preparation of Employee Handbook

- E. Consider approval of Independent Contractor Agreement and First Addendum to Independent Contractor Agreement for Plumbing and Excavation Services between the District and Lamb Plumbing & Excavating, Inc. (enclosures).

ADJOURN TO EXECUTIVE SESSION, IF NECESSARY:

- A. _____

V. OTHER BUSINESS

- A. Discuss future Agenda items.

VI. ADJOURNMENT THE NEXT REGULAR MEETING IS SCHEDULED FOR APRIL 22, 2014