

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD MAY 27, 2014

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 27th day of May, 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 Tanaka & Waldron, P.C.

Duane Schorman; Operator

Andre Kilik; Assistant Operator

Braden Hammond; Biggs-Kofford

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. Director Anderson noted that a quorum was present and inquired into whether members of the Board had any additional disclosures of potential conflicts of

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interest with regard to any matters scheduled for discussion at this meeting. No additional disclosures were noted.

ADMINISTRATIVE MATTERS

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

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

May 6, 2014 Directors' Election: Mr. Gomes noted for the Board that the May 6, 2014 Directors' Election was cancelled, as allowed under Colorado law, by the Designated Election Official because there were no more candidates than positions available on the Board of Directors. Directors Anderson, Whittemore and Justis were deemed elected by acclamation to 4-year terms ending in May, 2018 and Directors Herr and Eason were deemed elected by acclamation to 2-year terms ending in May, 2016.

Oaths of Director: Directors Anderson, Whittemore, Justis, Herr and Eason were administered the Oaths of Director as the directors elected at the May 6, 2014 election by Attorney Tanaka as a notary public.

Appointment of Officers: The Board entered into discussion regarding the appointment of officers.

Following discussion, upon motion duly made by Director Herr, seconded by Director Anderson and, upon vote, unanimously carried, the following slate of officers was appointed:

President	P.J. Anderson
Vice President	Mike Whittemore
Secretary/Treasurer	Mike Herr
Assistant Secretary	Bob Justis
Assistant Secretary	Troy Eason

2012 Audit: Mr. Hammond of Biggs-Kofford presented the 2012 Audited Financial Statements to the Board. He reported that his firm issued a qualified opinion for this audit since they had to rely on incomplete financial records.

Following review and discussion, upon motion duly made by Director Whittemore, seconded by Director Eason and, upon vote, unanimously carried, the Board

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accepted the 2012 Audited Financial Statements and authorized execution of the Representations Letter.

Transfer Fees: Mr. Jones, a property manager, said that he represents properties in the District. He objected to a new transfer fee in the amount of \$250 that was adopted by the Board. He said that a notice was sent to residents, but not to property owners that are not residents. He said that he was concerned that there was not proper notification. He requested that the Board advertise and hold another public hearing on the matter.

Ms. Jones requested that the Board to do away with Transfer Fee entirely. She believes it will hurt property owners. Director Anderson said that he did some research on what other districts in the area charge for Transfer Fees and found other districts charging lesser amounts. Attorney Tanaka explained notice requirements for the consideration of the fee and noted that the statutory requirements were satisfied by the Board on two other occasions. Mr. Gomes confirmed that the notices were mailed to each customer on the District's customer rolls. Director Whittemore recommended looking at other districts in the area to see what they charge. The Board discussed the time and procedures involved in changing the information per account. Mr. Gomes and Attorney Tanaka reviewed the procedures and noted that the vast amount of time is spent with the title company to provide required information for closings.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Justis and, upon vote, unanimously carried, the Board directed that the Transfer Fee be reduced to \$100 and paid directly to the District, and to review previous Transfer Fees charges to determine the financial impact of refunding customers who previously paid the full Transfer Fee.

Public Comment: Ms. Pennick noted she is concerned that there is no information on the District's payables in the library and she is concerned by Mr. Gomes' previous statement that the District is operating in the red by \$18,000. She also asked about how checks are handled. Mr. Gomes explained that the District needs to raise revenue by \$18,000 per month to remain solvent. He further noted that checks are written by SDMS and signed by Directors. Ms. Pennick also expressed her concerns about cost of legal counsel and SDMS. Mr. Gomes explained that SDMS is providing its services to the District at a discounted hourly rate and that Attorney Tanaka is not charging the District for some of the services she performs on its behalf. The Board members addressed the current need to have ongoing legal and management services in order to provide proper guidance and advice on District matters and that the lack of these services would provide more harm than

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good at this point in time. The long-term goal is to cut back these costs as much as possible.

Mr. Petrick questioned whether it is normal for all of the Directors to be up for election at the same time. Attorney Tanaka informed him that the terms of the Board members are staggered; however, she noted that the option contracts needed to be cleaned up and this caused all seats on the Board to be up for re-election. She noted that the next election will be in May 2016 and two of the director seats will be open at that time.

Mr. Petrick asked if there is a master schematic of the District showing all valves and the size and locations of the water lines. He would like a copy of the map. He suggested that the District consider recruiting volunteer university students to map the District. The Board noted that the District's engineer has a schematic and noted that to have all of the information discussed on the map it would cost a significant amount. Mr. Petrick volunteered to help the District in updating the map or soliciting help from university students for the work.

Correspondence: Attorney Gruber Tanaka read the questions and answers.

1. Q: The land issue(s) seems to be a point of concern. What is the current status of the following parcels: water tank, the parcel of land adjacent to the Winery, the parcel on top of Pyramid Mt.

A: The parcel of land upon which the tank is located was owned by RMG Properties, LLC. RMG has recently deeded the parcel to the District at no cost.

2. Q: Conflict of interest with PJ. Steve made it clear that 'they' do NOT want PJ to leave the board. He brings knowledge, expertise, history, and legal guidance to the board. I believe they want him to recuse himself from certain board decisions?

A: For matters involving the Cascade Public Service Company, which is where the conflict arises, unless a quorum is necessary, Mr. Anderson will recuse himself from the discussion as appropriate.

3. Q: 'They' are wondering if the board meeting can be changed to 6:30 to accommodate more community members.

A: The meeting times will stay at 5:00 PM for now.

4. Q: Steve thought the idea of a 'FAQ' placed on the website would go a long way to demonstrate transparency of information.

A: The Board is adding greater detail to the minutes in an attempt to provide more complete answers for people, particularly those not in attendance at the meeting, and to create a more comprehensive history. Rather than expending additional resources to create and maintain a FAQ, the Board will proceed in this manner for now.

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5. Q: Make the monthly bill better reflect what is being collected: Meter Fee, Operations (Pipeline), Debt

A: The District's fees are set forth in the Fee Resolution for customers to review. Breaking the fees out on invoices is cost prohibitive at this point in time, particularly since each user has different usage, there are different sized meters, etc.

6. Q: Could Metro #1 impose a mill levee fee instead of additional fees on the 'bill'?

A: Because the District's customers are outside of the District's boundaries, the imposition of a mill levy will not tax the customers or generate any revenues. For this to occur, the customers would need to include into the District's boundaries. At that point, the District could collect revenue through taxes.

7. Q: Clarity of minutes. The past few minutes have shown more details. Also place a copy of the minutes at the library as well as the website.

A: Copies of approved minutes are placed in the library binder after each meeting as well as posted on the attorney's website at www.whitebearankele.com.

8. Q: Exactly what is the relationship between the Cascade Public Service, Metro #1, and Metro #2. Was there a bill of sale involved in the mix?

A: The District's assets were conveyed to the District through a bill of sale in 2005 from the Cascade Public Service Company. District No. 1 has a contract with District No. 2 to provide water service to the development. Cascade Public Service Company originally owned the water rights that currently provide the District's water. Any specific questions regarding the Cascade Public Service Company should be directed to PJ Anderson as they are separate and distinct from the District.

Minutes: The Board reviewed and considered the minutes from the April 22, 2014 Regular meeting.

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

FINANCIAL MATTERS

Claims: The Board considered approval of the payment of payables through the period ending May 27, 2014, totaling \$34,616.38.

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Director Eason inquired into check number 5105 in the amount of \$17.41 to US Bank for credit cards. Mr. Gomes noted that the costs incurred were for operations and likely associated with costs associated with the repair of the locator.

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, as presented.

Cash Analysis: Mr. Gomes presented the Cash Analysis as of May 23, 2014, prepared by the District Accountant. The analysis reported that there was a total cash on hand of \$11,281.71 as of May 26, 2014.

Director Anderson requested information on the interest rate being paid to Colorado Springs Utilities on past due balances.

OPERATIONS MATTERS

Operator's Monthly Report: Mr. Kilik reviewed his Operator's Report with the Board.

Mr. Kilik reported that the operators are performing an audit on all District meters. Forty meters have been audited to date. He noted that the District has used over 2 million gallons in the past month. Mr. Gomes noted that the handheld being used to read the meters was programmed so that some were being read in 10 gallon or 100 gallons instead of per 1,000 gallons. He noted that this is likely where the discrepancy lies for the readings. Mr. Kilik also noted that some accounts are being dropped off entirely from month to month.

Mr. Kilik reported that there has been no work on the hydrants in need of repair. Mountain States Supply will not order a new hydrant valve for the Pikes Peak Highway until it is known if it is right-hand or left-hand hydrant valve.

Mr. Kilik reported that the locator needs to be replaced at net cost to the District of \$630 after selling the current unit to Cascade Plumbing for \$300. The Board directed Mr. Kilik to sell the existing locator for \$300 "as is" and to purchase the new locator.

Proposal for Repair of Broken Fire Hydrant: The Board deferred this matter.

LEGAL MATTERS

Acceptance of Quit Claim Deed from RMG Properties, LLC for Additional Parcels: Attorney Tanaka reported that she requested a deed from RMG Properties, LLC for the triangle building and RMG Properties, LLC noted that it is

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willing to deed all of the remaining orphan parcels to the District at no charge. Ms. Tanaka presented the Board with a map showing the orphan parcels.

Following review and discussion, upon motion duly made by Director Justis, seconded by Director Eason and, upon vote, unanimously carried, the Board approved the acceptance of the deeds for additional parcels from RMG Properties, LLC, subject to all taxes being paid current.

Director Eason agreed to survey the damaged wall on the Triangle Building and to determine the required repairs.

Pyramid Storm Water Project at Topeka Avenue & Pyramid Road: Mr. Gomes reported that that he and Attorney Tanaka were contacted by Mr. Chavez of El Paso County Public Works regarding the installation of a seventy-two inch culvert pipe in the vicinity of Topeka Avenue and Pyramid Road. The project would require the relocation of a District-owned 4-inch main line. El Paso County is willing to have their contractor perform the relocation at no cost to the District. Mr. Chavez requested that the District provide a letter to El Paso County that explains that the District does not have the funds to relocate the main line and that waives the design criteria. The County will follow Colorado Springs Utilities specifications.

Following discussion, upon motion duly made by Director Whittemore, seconded by Director Herr and, upon vote, unanimously carried, the Board consented to a letter stating that the District cannot afford the relocation costs and consents to waive the design criteria and will be unable to comply with Colorado Springs Utilities specifications. The Board directed Mr. Gomes to confirm with Mr. McGinn that he approves of the redesign.

Insurance Coverage: Mr. Gomes presented the Board with a SDA Property & Liability Insurance Pool proposal provided by T. Charles Wilson Insurance Service as well as the proposal from the current insurance provider for adding errors and omissions coverage. The proposed coverage from the SDA Pool insurance meets the District criteria and provides more coverage at a lower premium than the District's current coverage.

Following discussion, upon motion duly made by Director Herr, seconded by Director Whittemore and, upon vote, unanimously carried, the Board accepted the proposal for insurance coverage from the SDA Property & Liability Insurance Pool, subject to the condition that if there is a short-rate premium penalty, it cannot exceed the overall savings, otherwise this matter shall be brought back to insurance

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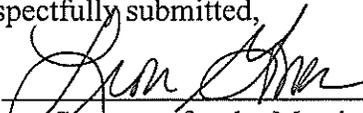
committee. The Board also directed Mr. Gomes to obtain updated information on the workers' compensation coverage to ensure that this cost is comparable.

ADJOURNMENT

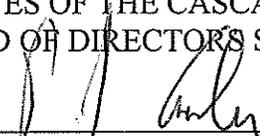
There being no further business to come before the Board at this time, upon motion duly made by Director Herr, seconded by director Anderson and, upon vote, unanimously carried, the meeting was adjourned.

Respectfully submitted,

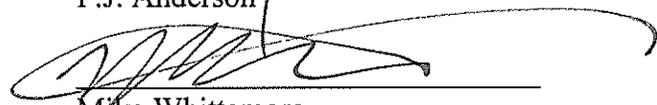
By


Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 27, 2014
MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE
BOARD OF DIRECTORS SIGNING BELOW:



P.J. Anderson



Mike Whittmore

Mike Herr

Bob Justis



Troy Eason

CASCADE METROPOLITAN DISTRICT No. 1

_____, 2014

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
Sandy Ferrick	8870W US 24	684 9442	COUNCIL & SDMS - District Manager
[Signature]	"	"	ELECTIONS
[Signature]	"	"	[Signature]
[Signature]	"	"	[Signature]
[Signature]	"	"	"
[Signature]	"	"	"
[Signature]	"	"	"

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

20145014217

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 05/23/2014 @ 11:16:38 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 Friday, May 23, 2014 @ 11:16:42 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: _____

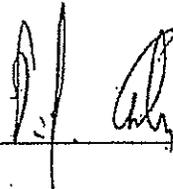
9. Are you a member of an executive board of an owners' association located within the boundaries of the District? (i.e., a HOA, POA or similar) Yes No

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: _____



Last Updated 12/13/2013

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

<u>Board of Directors:</u>		<u>Term/Expires:</u>
P. J. Anderson	President	2018/May 2018
Mike Whitemore	Vice President	2018/May 2018
Mike Herr	Secretary/Treasurer	2016/May 2016
Bob Justis	Assistant Secretary	2018/May 2018
Troy Eason	Assistant Secretary	2016/May 2016

DATE: May 27, 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. Discuss results of the May 6, 2014 Election (enclosure).

D. Administer Oaths of Office to newly elected directors.

E. Consider election of Officers:

President _____

Vice President _____

Treasurer _____

Secretary _____

Assistant Secretary _____

- F. Public Comment. (Matters not otherwise on the Agenda. Public Comment Limited to 3 Minutes per Person and Taken in Order on Sign In Sheet)
-

- G. Correspondence (Board Responses to Community Correspondence Received Outside of Board Meeting. Board will recite the questions or comments received and provide a verbal response which will be recorded in the minutes. No public comment will be taken during this time)
-

- H. Review and approve Minutes of the April 22, 2014 Regular Meeting (enclosure).
-

II. FINANCIAL MATTERS

- A. Review and approve the payment of payables for the period ending May 27, 2014 in the amount of \$ _____ (to be distributed at meeting).
-

- B. Discuss cash analysis (enclosures).
-

- C. Consider Acceptance of 2012 Audit and Issuance of Client Representation Letter (to be distributed under separate cover).
-

III. OPERATIONS MATTERS

- A. Operator's Monthly Report.
-

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

- C. Discuss request from resident regarding transfer fees.
-

- D. _____
-

IV. LEGAL MATTERS

- A. Consider Acceptance of Quit Claim Deed from RMG Properties, LLC for Additional Parcels.
-

ADJOURN TO EXECUTIVE SESSION, IF NECESSARY (§§24-6-402(4)(b) and (c), C.R.S.):

- B. Discuss insurance matters and consider proposals for coverage (Executive Session, if necessary, §§24-6-402(4)(b) and (c), C.R.S.).
-

V. OTHER BUSINESS

- A.
-

VI. ADJOURNMENT THE NEXT REGULAR MEETING IS SCHEDULED FOR JUNE 24, 2014