

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD AUGUST 26, 2014

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 26th day of August, 2014, at 5:30 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, Colorado. The meeting was open to the public.

ATTENDANCE

Directors In Attendance Were:

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

Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

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

Andre Kilik, Operator

Duane Schorman; 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. 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 Anderson, seconded by Director Justis and, upon vote, unanimously carried, the Agenda was approved, as presented.

Public Comment:

Sandy Pennick: Ms. Penick queried the Board regarding the requisite qualifications for an individual to serve on the Board. Attorney Tanaka explained that statute defines qualifications that must be met for Board Membership and that the current Directors are the only persons meeting those qualifications. Attorney Tanaka further stated that Director Anderson is able and had previously offered to execute an Option to Purchase Contract to qualify any interested customer to serve on the Board. Attorney Tanaka noted that she would also place an Inclusion Petition on her firm's website for anyone who wishes to include their real property into the District.

A Resident inquired about the meeting location and about the possibility of alternative meeting venues. The Board agreed to consider Wineries of Colorado as a meeting place. Director Anderson and Mr. Gomes will pursue this location.

Jaye Jaye Johnson: Ms. Johnson noted for the Board that she purchased property in the District in December 2013, and expressed dissatisfaction with the District's water rates.

Correspondence: There was no correspondence for the Board to discuss.

Minutes: The Board reviewed and considered the Minutes from the July 22, 2014 Regular Meeting.

Following discussion, upon motion duly made by Director Eason, seconded by Director Herr 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 August 26, 2014, totaling \$58,620.20.

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

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Financial Statements: Mr. Gomes reviewed with the Board the unaudited financial statements for the period ending July 31, 2014 and the schedule of cash position dated July 31, 2014.

Following review and discussion, upon motion duly made by Director Herr, seconded by Director Eason and, upon vote, unanimously carried, the Board accepted the unaudited financial statements for the period ending July 31, 2014, and the schedule of cash position as presented.

2013 Audit: Attorney Tanaka reported that the 2013 Audit was filed on August 21, 2014.

Refunds of Transfer Fees: The Board denied the request to provide refunds to those property owners who previously paid the \$250 Transfer Fee prior to its subsequent reduction by taking no action.

Resolution No. 2014-08-01 Authorizing the Issuance of Credit Cards to Certain Employees: The Board discussed and considered the adoption of Resolution No. 2014-08-01 Authorizing the Issuance of Credit Cards to Certain Employees.

Following discussion, upon motion duly made by Director Herr, seconded by Director Justis and, upon vote, unanimously carried, the Board adopted Resolution No. 2014-08-01 Authorizing the Issuance of Credit Cards to Certain Employees.

OPERATIONS MATTERS

Operator's Monthly Report: Operator Andre Kilik discussed the following items with the Board:

1. Mr. Kilik reported that approximately 1.9 million gallons of water were registered through the Colorado Springs Utilities Master Meter since August 1, 2014.
2. Mr. Kilik reported that Lamb Plumbing & Excavation had previously furnished an estimate for hydrant repairs for \$800-\$1,100. He is attempting to reach Mark Lamb to update estimates.
3. Mr. Kilik reported that an excavator would be necessary to replace the hydrant on Bluff.
4. Mr. Kilik reported that he is awaiting parts, which have been ordered from Mountain States Pipe Supply, to complete repairs.
5. Mr. Kilik reported that a leak has developed in the pump house roof.

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Proposal for Repair of Fire Hydrant: There was no proposal to be considered.

Water Meter Audits: Mr. Gomes reported that between 6 and 8 water meters have yet to be audited.

Replacement of Non-Working Meters: Mr. Gomes reported that replacement of non-working meters is pending until such time as a full list of these meters can be provided by Kendra Haubert at SDMS.

Proposal for Water Tank Repairs: Mr. Gomes reported that proposals are being solicited at present from Norvell Constructon, LLC and Amairetek Services.Inc.

Water Quality Complaint at 7940 Topeka Avenue: Mr. Gomes reported that water samples had been collected from the residence and tested whereupon it was found that all samples were negative for coliform and E-Coli. The results of the additional samples were provided to the property owner.

Water Use Charge Reduction for 8220 Emporia Avenue: The Board denied the request to reduce the water use charge for this address by taking no action.

Water Use Charge Reduction for 4590 Hagerman: The Board denied the request to reduce the water use charge for this address by taking no action.

Pipeline Surcharge Decision Response from Brian Reynolds: Mr. and Mrs. Reynolds addressed the Board regarding their request to have the Pipeline Surcharge reduced from Non-Residential to Residential. They noted that they were living in a Bed & Breakfast and want to be treated like the other Bed & Breakfast facilities in the District that are being charged a Residential Pipeline Surcharge. The Board directed Mr. Gomes to determine the number of Bed & Breakfast facilities in the District and how they are classified (Residential or Non-Residential) for further discussion and consideration at the September meeting.

LEGAL MATTERS

New Board Member Orientation: Attorney Tanaka discussed with the Board her proposal for conducting a New Board Member Orientation, and presented various formats that the Board may select from for the orientation. The Board chose to conduct the New Board Member Orientation in segments over several Board Meetings.

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EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Justis, seconded by Director Herr and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 7:54 p.m. for the purpose of discussing negotiations with third parties and receiving legal advice, as authorized by Sections 24-6-402(4)(b) and (e), C.R.S.

Pursuant to Section 24-6-402(2)(d.5) (II)(B), C.R.S., no record will be kept of the remaining portion of this executive session that, in the opinion of the Board's attorney, constitutes privileged attorney-client communication pursuant to Section 24-6-402(4)(b), C.R.S.

The Board reconvened in regular session at 9:52 p.m.

Engagement of Randall Steichen as Special Litigation Counsel: The Board took no action.

OTHER BUSINESS

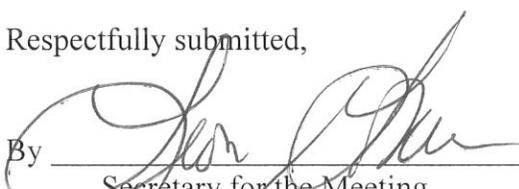
Request by Gary Cohn to Reduce Pipeline Surcharge for One Inch Residential Service: The Board requested that the matter regarding a letter received from Mr. Gary Cohn requesting a reduction in fee for residential customers serviced by one inch lines be placed on the September 23, 2014 Regular Meeting Agenda.

ADJOURNMENT

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

Respectfully submitted,

By _____


Secretary for the Meeting

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THESE MINUTES ARE APPROVED AS THE OFFICIAL AUGUST 26,
2014 MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1
BY THE BOARD OF DIRECTORS SIGNING BELOW:



Mike Whittemore



Mike Herr



Bob Justis



Troy Eason

P.J. Anderson

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Attorney Statement Regarding Privileged Attorney-Client Communication

Pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S., I attest that, in my capacity as the attorney representing the Cascade Metropolitan District No. 1, I attended the executive session on August 26, 2014 for the sole purposes of conferencing with the District's legal counsel for the purposes of receiving legal advice on specific legal questions and discussing matters subject to negotiation, as authorized by §§24-6-402(4)(b) and (e), C.R.S. I further attest that it is my opinion that all or a portion of the executive session discussion constituted attorney-client privileged communication as provided by §24-6-402(4)(b), C.R.S., and, based on that opinion, no further record, written or electronic, was kept or required to be kept pursuant to §24-6-402(2)(d.5)(II)(B), C.R.S.



Jennifer Gruber Tanaka, Esq.
General Counsel
Cascade Metropolitan District No. 1

CASCADE METROPOLITAN DISTRICT No. 1

8/28/_____, 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 FERRICH	CASCADE	684 9442	
JAYC JATE JOHNSON	CASCADE		
BRIAN EVERETT RSTROM	4680 HAZELMAN AVE		RATE