

RECORD OF PROCEEDINGS

MINUTES OF A REGULAR MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD JULY 28, 2015

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 28th day of July, 2015, 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
Troy Eason
Stephen Spaulding
Susan Soloyanis

Also In Attendance Were:

Jennifer Gruber Tanaka, Esq. and Trisha K. Harris, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law.

Andre Kilik and Duane Schorman, District Operators

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. Ms. 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. Ms. Tanaka 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: Ms. Tanaka presented the agenda to the Board for review. Upon motion of Mr. Herr, seconded by Ms. Soloyanis, the Board unanimously approved the agenda, as presented.

Public Comment:

Ms. Lisa Haight requested an update on the charges against Terry Malcom. Ms. Soloyanis reported that the next hearing is scheduled for August 5, 2015 at 10:00 a.m.

Mr. Bob Pinnick asked the Board if they intend to hire a construction manager. The Board informed him that the engineer will coordinate the hiring of the construction manager in the event that the engineer does not perform this duty. Mr. Pinnick also informed the Board that the community would like to hold a meeting to discuss the current status of the District and to answer any questions for those who are not otherwise able to attend the Board meetings.

Mr. Gary Cohn inquired into whether the Board was pursuing any actions against the District's former auditor. The Board informed him that they were discussing the options.

Correspondence: Ms. Tanaka advised the Board that no correspondence had been received.

Consent Agenda: The Board considered the following actions:

- Acknowledge Operations Report.
- Acknowledge Legal Counsel's Report on Management Matters.
- Approval of Board Meeting Minutes from June 23, 2015 Meeting.
- Approval of the payment of payables for the period ending June 23, 2015 in the amount of \$83,553.47.
- Acceptance of Unaudited Financial Statements as of May 31, 2015, the schedule of cash position updated as of June 30, 2015 and bank statements.
- Acceptance of Unaudited Financial Statements as of June 30, 2015, the schedule of cash position updated as of June 30, 2015 and bank statements.
- Adoption of Resolution No. 2015-07-01: Designating Posting Locations for Regular and Special Meetings.
- Approval of First Addendum to Independent Contractor Agreement with Special District Management Services, Inc., for Extension for Billing and Limited Accounting Services.
- Approval of Notice of Termination of JDS-Hydro Consultants, Inc., for

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District Engineering Services.

Following discussion, upon motion duly made by Director Eason, seconded by Director Herr and, upon vote, unanimously carried, the Board reviewed, approved, and accepted the Consent Agenda items noted above.

FINANCIAL MATTERS

Requisition No. 3 to UMB Bank, as Trustee, for payment of Working Capital Project funds from Water Enterprise Revenue Refunding and Improvement Bonds, Series 2015A and 2015B: The Board discussed Requisition No. 3, in the amount of \$28,986.26. Following discussion, upon motion duly made by Director Herr, seconded by Director Soloyanis and, upon vote, unanimously carried, the Board approved Requisition No. 3 as presented.

DOLA Grant Application: Director Whittemore informed the Board that he attended the Department of Local Affairs (“DOLA”) meeting in Steamboat Springs, Colorado and made a presentation to DOLA on behalf of the District. Director Whittemore noted that he felt the presentation went well and was able to discuss the process with Mr. Clay Brown both in advance of the presentation as well as afterwards.

OPERATIONS MATTERS

CSU Response to Asset Inventory and Assessment Report and Update on Meeting with CSU: Ms. Tanaka informed the Board that she, Director Whittemore and Mr. John McGinnis met with Colorado Springs Utilities (“CSU”) on July 13, 2015 to review the asset inventory and assessment report and list of additional information requested by CSU. Ms. Tanaka reported that CSU’s priorities for the project are safety, health, fire flow and water quality. The Board reported that it is working with the community advisory committee to provide incremental information updates for the list and make appropriate assignments so that the additional requested information can be provided to CSU by the end of December 2015. The community advisory committee consists of Director Soloyanis, Ms. Tara Kelly, Mr. Jim Borden, and Mr. Tom Harris.

Operations Report: Director Herr had questions regarding the repair for the spot box for Mr. Gary Cohn. The meter was damaged two years ago due to flooding and no claim was filed. He inquired as to whether a claim can be filed now. It was noted that that can be looked into but it is likely too late to submit an insurance claim at this point in time.

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LEGAL MATTERS

Proposals for Management, Accounting and/or Billing Services: Ms. Tanaka informed the Board that the Request for Proposals was sent on June 26, 2015 to 20 companies. She reported that 6 proposals have been received. Ms. Tanaka provided the Board with a summary of the proposals. Director Herr noted that sustainability is the main issue, and that it would be helpful to find creative ways to save money. Representatives from Schooler & Associates introduced themselves to the Board and answered the Board's questions. The Board determined to have further discussions on this matter in Executive Session.

Status of Request for Proposals for General Engineering Services: Ms. Tanaka informed the Board that the Request for Proposals was sent on July 27, 2015 to 20 firms, and the proposals are due back by August 7, 2015. All engineering firms that the Request for Proposals were sent to have been pre-approved by Colorado Springs Utilities.

EXECUTIVE SESSION

EXECUTIVE SESSION: Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Soloyanis, seconded by Director Eason and, upon an affirmative vote of at least two-thirds of the quorum present, the Board convened in executive session at 6:54 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 District'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 8:37 p.m.

Upon exiting Executive Session, upon motion of Director Herr, seconded by Director Soloyanis, the Board unanimously took the following actions:

- Authorized the engagement of Schooler & Associates, Inc. as the District's manager, accountant and billing service and approved the Independent Contractor Agreement with Schooler & Associates, Inc.
- Approved the Mutual Non-Disclosure Agreement with Hazel Consulting Group, Inc.
- Designate Director Spaulding as the Board member authorized to approve the proposal received from Hazel Consulting Group, Inc.

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OTHER BUSINESS

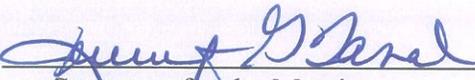
Annual SDA Conference: The Board discussed the annual SDA Conference and attendance to same. At this time, no directors plan to attend the conference.

Next Meeting: The next regular meeting is scheduled for August 25, 2015 at 5:30 p.m.

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.

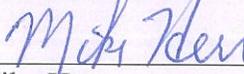
Respectfully submitted,

By  _____
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL JULY 28, 2015
MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY
THE BOARD OF DIRECTORS SIGNING BELOW:



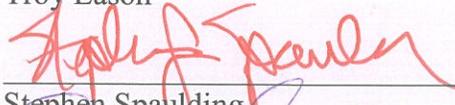
Mike Whitemore



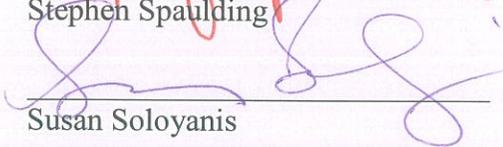
Mike Herr



Troy Eason



Stephen Spaulding



Susan Soloyanis

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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 July 28, 2015 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

July 28, 2015

Please print the requested information below. If you wish to address the Board during Public Comment, please indicate that by checking the box under the "Public Comment" column. Public Comment will be taken from those persons whose names appear on this sheet and have checked the "Public Comment" checkbox. Public Comment is limited to three minutes per person and to matters not on the Agenda.

NAME	ADDRESS	TELEPHONE EMAIL	PUBLIC COMMENT <i>Please check if you wish to address the Board</i>
TERRY SCHOOVER	20 E. BOULDER CRESCENT COLO. SPOCS CO 80903	719-447-1777	<input type="checkbox"/>
Jim Borden	4640 MARIPOSA LN	719-287-5852	<input type="checkbox"/>
Lisa Hill	4220 DELGROSS RD	719 332 6418	<input checked="" type="checkbox"/>
Bob Pennick			<input checked="" type="checkbox"/>
Gary Cohen	8325 DWYER VW	715-330-3596	<input checked="" type="checkbox"/>
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