

## RECORD OF PROCEEDINGS

---

### MINUTES OF A SPECIAL MEETING OF OF THE BOARD OF DIRECTORS OF THE CASCADE METROPOLITAN DISTRICT NO. 1 HELD FEBRUARY 17, 2015

A special meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 17<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.

#### ATTENDANCE

#### Directors In Attendance Were:

Mike Whittmore  
Mike Herr  
Bob Justis  
Troy Eason  
Stephen Spaulding

#### Also In Attendance Were:

Leon Gomes; Special District Management Services, Inc.

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

Members of the Public; see attached list

#### 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.

#### ADMINISTRATIVE MATTERS

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

## RECORD OF PROCEEDINGS

---

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

### LEGAL MATTERS

**Conduct Public Hearing on Proposed Inclusion of Approximately 675 Acres of Real Property Consisting of Approximately 405 Parcels and Adoption fo Resolution No. 2015-02-01:** President Whittemore opened the public hearing.

It was noted that publication of Notice stating that the Board would consider the inclusion of the property and the date, time and place of the public hearing was made in a newspaper having general circulation within the District. Attorney Tanaka reported that no petitions for exclusion were submitted to the District or to the Board of County Commissioners prior to the hearing. Additionally, no written objections were received prior to the public hearing. President Whittemore explained the purpose of the inclusion for those present.

Sandy Pennick addressed the Board and asked whether the Board will continue to be a representative Board after the inclusion. Director Whittemore replied "yes" the Board will continue to be a representative Board and the public will continue to have input.

Diane Rossoni addressed the Board and asked whether term limits will continue to apply. Attorney Tanaka explained that the term limits will continue to apply and noted that some Directors term will expire in 2016 and the other Director terms will expire in 2018.

Kavan McGrew addressed the Board and asked what the legal ramifications of the inclusion will be on the included properties. Attorney Tanaka noted that the inclusion will not result in the imposition of taxes on the properties being included because the District is not permitted to impose taxes by its service plan. She noted that should the customers desire to pay through taxes a separate process would be required, including approval by the El Paso County Board of County Commissioners. Attorney Tanaka noted that the fees for customers will be the same regardless of whether the inclusion occurs and noted that the bonds are secured by the fees charged on customers on a monthly basis. Ms. McGrew asked if Attorney Tanaka represents the Board or the District. Attorney Tanka replied that she represents the District. She noted that property owners do not have any individual, personal liability on behalf of the District and noted that fees, if unpaid, are liens on property regardless of whether they are included within the boundaries of the District.

## RECORD OF PROCEEDINGS

---

Lisa Haight addressed the Board and asked what the cost of having the inclusion election is and whether it will move the District toward resolution with CSU. Director Whittemore replied that the cost of an election would be approximately \$25,000 and noted that the inclusion gets the District closer toward the resolution with CSU in the sense that it satisfies certain conditions under the Settlement Agreement.

Randy Thorn addressed the Board and asked whether CSU looks more favorably on the inclusion. Attorney Tanaka noted that the District cannot speak to how CSU views the inclusion.

There were no additional public comments and the public hearing was closed.

The Directors engaged in a discussion regarding the proposed inclusion. Director Herr noted that the inclusion comes at a cost and he wants the public to understand this aspect of the inclusion. Director Whittemore noted that this is the right thing to do to get public involvement. Director Spaulding noted that the Directors could no longer support the inclusion. Attorney Tanaka clarified that public support of the inclusion is prohibited by the Fair Campaign Practices Act once the ballot is certified and that the Board of Directors cannot campaign for the inclusion after that date either unless it is done on their own time and on their own personal expense.

Following discussion, upon motion duly made by Director Justis, seconded by Director Herr and, upon vote, with Director Spaulding abstaining, the Board adopted Resolution No. 2015-02-01; Resolution Proposing Inclusion of Property. A copy of Resolution No. 2015-02-01 for Inclusion is attached hereto and incorporated herein by this reference.

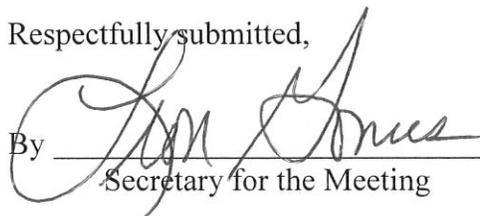
### EXECUTIVE SESSION

EXECUTIVE SESSION: It was noted that an Executive Session was not needed at this time.

### ADJOURNMENT

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

Respectfully submitted,

By  Secretary for the Meeting

## RECORD OF PROCEEDINGS

---

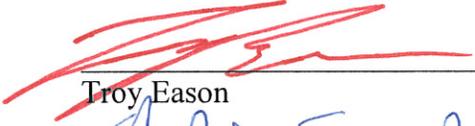
THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 17,  
2015 MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1  
BY THE BOARD OF DIRECTORS SIGNING BELOW:

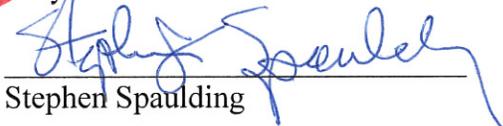
  
\_\_\_\_\_

Mike Whittlemore

\_\_\_\_\_  
Mike Herr

\_\_\_\_\_  
Bob Justis

  
\_\_\_\_\_  
Troy Eason

  
\_\_\_\_\_  
Stephen Spaulding