

**MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
CASCADE METROPOLITAN DISTRICT NO. 1  
HELD FEBRUARY 23, 2016**

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 23<sup>rd</sup> day of February, 2016, at 5:30 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, Colorado. The meeting was open to the public.

**Directors in Attendance Were:**

Mike Whittemore  
Mike Herr  
Troy Eason  
Stephen Spaulding  
Susan Soloyanis

**Also in Attendance Were:**

Jennifer Gruber Tanaka, Esq., White Bear Ankele Tanaka & Waldron, Attorneys at Law  
Kevin Walker, Schooler and Associates, Inc. Metro District Management  
Brenda Quinones, Schooler and Associates, Inc. Metro District Management  
Duane Schorman, Cascade Water District Operator  
Andre Kilik, Cascade Water District Operator  
Members of the Public; see attached list

1. **Call to Order:** The meeting was called to Order by President Mike Whittemore at 5:34 PM.
2. **Declaration of Quorum/Director Qualifications/Reaffirmation of Disclosures:** 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.
3. **Approval of Agenda:** Director Spaulding requested that a new item be added under Management Matters as new item D. Water Meters to discuss water meters at the Fire Department. Motion to approve the agenda as amended by Director Spaulding; second by Director Herr. Motion passed unanimously.

**Public Comment:**

- a. Mr. Borden inquired into whether a meter had been installed for the Pikes Peak Highway customer. The Board confirmed that the meter had been installed.
- b. Mr. Borden asked if water usage had gone down since the large leaks in the fall have been repaired. Mr. Kilik noted that they have noticed a decrease. Mr. Walker reported last month (January 1 to January 31, 2016) there was a 23 to 24% loss which has been consistent with recent readings. It was noted that the District has had a couple of small leaks this past month, so that could have contributed. Mr. Kilik reported that the valve at Highway 24 remains open during the winter to keep the line from freezing which may also be contributing to the winter water loss.
- c. Mr. Borden requested a status update on the legal action against the auditor. Ms. Tanaka advised that written communication had been sent regarding possible recovery from the auditor; the deadline for them to respond is end of the month and a more timely report could be reported at that time. Ms. Tanaka will provide an update at the March, 2016 meeting.

4. **Correspondence:** Nothing to report by Manager

**5. Consent Agenda Items:**

- a. Acknowledge Operations Report
- b. Acknowledge Manager's Report
  - i. Director Herr requested clarification on why there is a difference on the chart for the January bought/sold/loss report.
    1. Mr. Walker reported that one amount is from the CSU bill; the other amount is from the website. The operator readings were also provided. Mr. Kilik reports the readings on daily sheets and will extend to the 31<sup>st</sup> of the next month, but it could be off a little depending upon how the days fall each month. Director Soloyanis asked why the difference is so significant (250,000 gallons). Mr. Walker will review previous months to examine more closely. It was also noted that the District can get on CSU's website to request daily readings so that the report reflects the readings for the same periods of time so that it can be more accurately tracked. The Board requested closer examination of these amounts to resolve the differences in reporting and bring the criteria closer so that everyone is reviewing the same data for the same time period.
- c. Approval of Board Meeting Minutes from 1/26/2016 Meeting: Director Spaulding noted two typographical corrections. Modify No. 3 to remove the comma from \$627.17 and replace it with a period so that it is \$627.17 and No. 9 change shut of to shut off.

- d. Approval of Payables for the Period Ending 2/22/2016 in the amount of

General Fund:	\$50,317.32
Capital Projects Fund:	\$ 825.00
Grant Projects Fund:	\$ 0.00
Debt Service Fund:	\$23,512.44
Total	\$74,654.76

- e. Acceptance of unaudited financial statements as of January 31, 2016, the schedule of cash position updates as of January 31, 2016, and bank statements
- f. Approval of Requisition No. 9 to UMB Bank, as Trustee, for payment of Working Capital Project funds from Water Enterprise Revenue Refunding and Improvement Bonds, Series 2015A and 2015B in the amount of \$825
- g. Ratify approval of Fourth Addendum Independent Contractors Agreement with GMS, Inc., Consulting Engineers of General Engineering Services
- h. Ratify approval of Fifth Addendum Independent Contractors Agreement with GMS Inc., Consulting Engineers for General Engineering Services
- i. Approval of Extension of Deadline for Improvements Required Report from CSU under Settlement Agreement Due to Additional Information Requested by CSU on Water Tank
- j. Approval of 2015 Annual Report to El Paso County

Motion to approve the Consent Agenda was made by Director Herr; second by Director Soloyanis. Motion passed unanimously.

**6. Consideration of items removed from Consent Agenda:** Nothing

**7. Management Matters:**

- a. CSU Report Update: Director Soloyanis reported on the status of the discussions with CSU regarding the additional study regarding the need for the storage tank. She reported that the three options include:
- i. Replacing tank where it is (approximately \$400,000)
  - ii. Replacing tank in a better location to help with fire flow (approximately \$1,000,000 with the additional cost due to new lines that would be necessary)
  - iii. Tie into auxiliary line that CSU has that is very close to Aspen Glow (approximately \$300,000)

Further discussion on option 3 occurred. Director Soloyanis noted that CSU has adequate storage and that the tie in would be a viable option as a redundant line and would allow improvements to the current system to meet recommendations for fire flows to hydrants. It was noted that it would be easier to tie into this system due to its proximity. Overall, the total cost estimate for all recommended improvements by GMS is \$4.5 Million, which includes a 15% contingency. The improvements are subject to CSU

approval pursuant to the Settlement Agreement. Director Soloyanis reported that she continues to see evidence that CSU is willing to help the District to keep the overall cost as low as possible. She noted that GMS suggested the District request an increase in the DOLA grant but this would need to be done by the April 1<sup>st</sup> deadline. It is possible that a new submittal will not be required and that a summary letter may suffice. Director Herr requested clarification on maintenance costs for the water tank. Director Soloyanis stated that the maintenance costs are included in the report addendum, that the addendum is almost complete and will be provided to CSU by the March 19 deadline. She also noted that the costs included the demolition of the existing tank if necessary.

Mr. Kilik reported that some citizens are concerned that they will lose a fire hydrant in their area increasing their fire risks. Director Soloyanis noted that the fire pressures were a high priority and that they were projected to be higher in every location and that a table of those projections was in the report.

- b. Review/discuss Water Storage Tank Inspection Requirements and Consider Approval of Written Plan for Compliance: Mr. Walker provided an overview of the plan which is required to be put into place by April 1 by the Colorado Department of Public Health & Environment. The plan is required to be developed for every storage tank owner, requires a comprehensive inspection every 5 years and quarterly inspections each year. The District has the advantage of having completed two comprehensive inspections of the water tank in the past year as part of the CSU study. The inspection conducted by Marine Diving Solutions included a recommendation that the District install a new vent cover for the tank and other items to address OSHA concerns. The proposal for the new vent cover from MDS is \$5,200. Mr. Walker reported that he will obtain other bids for the screen for the Board to consider. The Board noted that this should be completed within the next 60-90 days. Mr. Walker reported that the format of the plan was what was suggested by the State and is on file at his office.
- c. Consider Approval of Proposal from GMS, Inc., Consulting Engineers for Tap Fee Analysis Services and Approval of Sixth Addendum to Independent Contractor Agreement with GMS, Inc. Consulting Engineers for same: Ms. Tanaka provided an overview of the services to be provided by GMS with the result being a recommendation for the tap fees imposed by the District for a contract amount not-to-exceed \$5,000. Motion to approve proposal from GMS, Inc. was made by Director Spaulding; second by Director Soloyanis. Motion passed unanimously.
- d. Backflow Installation Report: Mr. Walker reported that 6 or 7 people have responded and reminder letters were sent with a deadline of 3/15/2016. Enforcement activities could include a fine imposed upon the owner or turn off the water. The number of phone calls has increased as the date has gotten closer.

There have been two completed forms returned and Mr. Walker is working with a number of unique situations including Santa's Workshop. CSU is extending their activities to the end of the year due to possible changes to code or standards. District's commitment to CSU was clarified by Director Whittemore and Ms. Tanaka and is not expected to be an issue; the deadline of 3/15 was self-imposed. Mr. Walker will update the Board on the status at the next Board meeting with recommended actions.

- e. Fire District Water Meters: Director Spaulding requested clarification on the meters at the Volunteer Fire District. Director Whittemore explained that there are three accounts for the Fire District. It noted that one building is metered and billed monthly and the other building has a meter installed but it is not read or billed and has minimal use as there is one toilet and an ice maker. The third account is for the fire hydrant which is used for flushing and testing purposes and this is unmetered. Mr. Schorman reported that the District previously agreed to provide this water at no cost to the Fire District. Director Soloyanis noted that CSU will require that all structures receiving service be on a meter and billed accordingly and she suggested a written agreement be put into place for the arrangement. She also noted that she will follow up with GMS on this matter to ensure it is properly reflected in the report to CSU. Director Whittemore asked if there is a meter pit for the meter for the building; Mr. Schorman stated there is not. Mr. Walker mentioned the grant fund revenues could pay for it.

#### **8. Operations Matters:**

- a. Report on CRWA Conference provided by Cascade Water District Operators Schorman and Kilik. Mr. Schorman and Mr. Kilik advised the Board that they learned a great deal at the conference and they believe it was very worthwhile.
- b. Mr. Walker and Ms. Tanaka provided an update on the delinquent account located at 7850 Gardiner Road. They reported that they advised the owner that the water will be turned on when the account is brought current and paid in full. Ms. Tanaka provided an update on the efforts to contact the mortgage company in order to forego foreclosure proceedings but that had been unsuccessful and the process to serve them with the foreclosure complaint has been started.
- c. Mr. Kilik discussed the need for more framing and plywood at the Emporia pump house and noted that the estimated expense may be up to \$1,000 for an emergency repair. Mr. Walker reported he had made a claim and scheduled an appointment for the adjuster to examine the issue and determine if a claim can be submitted. Mr. Kilik mentioned that he would like to meet with the adjuster to show them the flashing that is damaged. Mr. Walker will coordinate the appointment with Mr. Kilik. Ms. Tanaka noted that the Board previously approved the purchase of the materials for the repairs and directed staff to have the repairs completed as soon as possible. Mr. Kilik noted that it will likely need to be April before the repairs are completed due to the weather.

d. Mr. Kilik advised the Board that he is creating a binder to document all main breaks and repairs for reporting purposes.

9. **Financial Matters:** Nothing to report.

10. **Legal Matters:** Nothing to report.

11. **Executive Session** (§§24-6-402 (4)(b), (e) and (f), C.R.S.): Pursuant to Sections 24-6-402(4)(b), (e) and (f), C.R.S., upon motion duly made by Director Soloyanis; seconded by Director Spaulding and, upon unanimous vote the Board convened in Executive Session at 6:53 p.m. for the purpose of discussing matters subject to negotiation with third parties, personnel matters and for seeking legal advice.

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 7:34 p.m.

12. **Other Business:** Next meeting date is scheduled on March 22, 2016 at 5:30 p.m.

Fitzgerald Property: Mr. Walker reported that the County is acquiring this property along with two other properties.

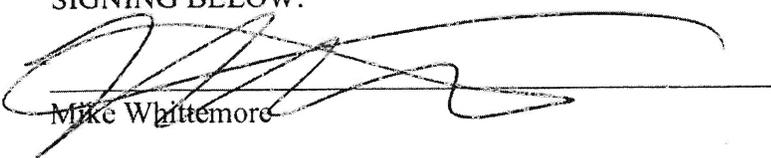
13. **Adjournment:** Moved by Director Spaulding, seconded by Director Eason to adjourn the meeting. Motion passed unanimously. Meeting adjourned at 7:40 PM

Respectfully submitted,

By:

  
Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL FEBRUARY 23, 2016, MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
Mike Whittemore

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Mike Herr

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Troy Eason



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Stephen Spaulding



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Susan Soloyanis

**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 February 23, 2016, for the sole purposes of conferencing with the Districts' legal counsel for the purposes of receiving legal advice on specific legal questions, for discussing matters subject to negotiation and for discussing personnel matters, all as authorized by §§ 24-6-402(4)(b), (e) and (f), 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.



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