

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CASCADE METROPOLITAN DISTRICT NO. 1
HELD MAY 24, 2016 at 5:30 PM**

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the “Board”) was duly held on Tuesday, the 24th day of May, 2016, at 5:30 p.m., at the Cascade Fire Station, 8015 Severy Road, Cascade, CO. The meeting was open to the public.

Directors in Attendance Were:

Mike Whittemore, President	Term Expires May 2020
Mike Herr, Secretary/Treasurer	Term Expires May 2020
Troy Eason, Assistant Secretary	Term Expires May 2018
Stephen Spaulding, Assistant Secretary	Term Expires May 2018
Susan Soloyanis, Assistant Secretary	Term Expires May 2020

Also in Attendance Were:

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

1. **Call to Order:** President Whittemore called the meeting to order at 5:31 p.m.
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 moved to approve the agenda with the addition of an Executive Session as item number 11. Director Soloyanis seconded the motion. The motion passed unanimously.
4. **Consent Agenda Items** (These items are considered to be routine and will be approved by one motion. There will be no separate discussion of these items unless requested, in which event, the item will be removed from the Consent Agenda and considered in the Regular Agenda)
 - a. Acknowledge Operations Report

- b. Acknowledge Manager's Report
- c. Approval of Board Meeting Minutes from the April 26, 2016 Meeting
- d. Approval of Payables for the Period Ending May 24, 2016 in the amount of:

General Fund:	\$35,130.86
Capital Projects Fund:	\$ 1,723.90
Pyramid Mountain Review Retainer*:	\$ 61.60
Grant Capital Projects Fund:	\$ 0.00
<u>Debt Service Fund:</u>	<u>\$23,493.75</u>
Total	\$60,410.11

*Amounts to be applied to Pyramid Mountain Retainer on Deposit Per Agreement.
- e. Acceptance of Unaudited Financial Statements as April 30, 2016, the schedule of cash position updated as of April 30, 2016 and bank statements
- f. Approval of Requisition No. 12 to UMB Bank, as Trustee, for payment of Working Capital Project funds from Water Enterprise Revenue Refunding and Improvement Bonds, Series 2015A and 2015 B

Director Spaulding moved to approve the consent items a through d and item f, with the exception of item e., until the bank statements are available for review by Director Herr. Director Soloyanis seconded the motion to approve the consent items as amended. The motion passed unanimously.

5. Consideration of items removed from Consent Agenda: None.

6. Management Matters

- a. CSU report update: Director Soloyanis reported that she, President Whittemore, and Jason Meyer, GMS, Inc., District Engineer, met with Colorado Springs Utilities (CSU) on May 9, 2016. CSU presented their review of the District's report and presented their recommendations. Some of the recommendations were changes to meet CSU standards, i.e. replacing 4" lines with 6" or 8" lines to meet their minimum standards and using right of way instead. The goal for CSU's recommendations is to make the systems as compatible as possible and to reduce potential risks to public safety. Preliminary estimates for the additional cost for CSU's proposed system changes is approximately \$75,000 - \$100,000. GMS will continue a more in depth review of the changes and continue to share with the Board. The District and CSU will meet again to review each recommendation and continue negotiations in an effort to reach consensus. At President Whittemore's request, Ms. Tanaka verified the District's deadline to respond to CSU confirming its intent to move forward with conversion or to construct its own water treatment plant is 90 days from the date of CSU's IRR, which deadline is August 7, 2016. The District's contingency expenses could cover the additional expenses requested by CSU. President Whittemore and Director Soloyanis stated the meetings with CSU are going very well, and acknowledged that all parties are working hard to make this project work.

- b. Safety Update: Mr. Walker and Mr. Kilik gave a report on their initial safety manual meeting. In their review of the District's safety procedures and equipment, they have identified several issues that need to be addressed as soon as possible to be compliant with minimum safety standards. Mr. Walker made a request for approval to purchase relevant materials and equipment, including face shields, goggles, protective gloves, an eyewash kit, a first aid kit, etc.

Director Soloyanis requested that a volunteer look into alternative storage methods for flammable liquids and improved heating sources if necessary. Director Eason volunteered to research an adequate storage cabinet that is lockable.

The Board acknowledged the need to purchase personal protective equipment and materials and authorized these expenditures with funds being from the maintenance line item in the budget. The Board thanked Mr. Walker and Mr. Kilik for bringing it to their attention as they strongly support safety at all times.

- c. Update on progress toward backflow installations: Mr. Walker reported the State's objective is for 60% of all required water meters to have backflow prevention devices installed by the end of the year. Only two 2 of 29 water meters in the District are currently not compliant. Currently, Santa's Workshop and one (1) foreclosure property are the only properties not completed. The Board acknowledged the high completion rate and encouraged Mr. Walker to continue to work toward 100% compliance.
- d. Update on Engagement of Operator for Backup On-Call Services: Mr. Walker and Mr. Kilik have discussed working with another operator in the Ute Pass area and have reached out to solicit a potential partnership. Using a 3rd Party Operator is an option, but is more expensive so will be a last resort. Mr. Walker and Mr. Kilik will continue to work on this item.
- e. Discussion on Availability of Service maps, properties and fees: Mr. Walker handed out a map showing properties that do not have water services but are located within 100 feet of the District's water lines and, therefore, where services are available. Mr. Walker reported that the properties identified as vacant came from the County's Assessor. One property includes a house that is scheduled to be removed by the County due to condemnation proceedings. Mr. Walker requested assistance from the Board and water operators to identify any other properties that should be included in the map. Mr. Walker and Ms. Tanaka explained the statutory requirements for who would be subject to the availability of service charge and Ms. Tanaka noted that the revenues can only be used to repay the District's debt service. Mr. Walker will need to follow a statutory process which includes giving notice and holding a public meeting. Ms. Tanaka will provide a summary of the statutory process and work with Mr. Walker to ensure that all such requirements are met. The Board acknowledged this report and asked Mr. Walker and Ms. Tanaka to continue to move forward with completing the map and implementing the fee on eligible properties.

f. Discussion on meeting locations: Mr. Walker reported that he has researched other venues that are handicap compliant, and had the following results:

- Manitou Springs school-he has made at least five (5) calls and has not received a return phone call;
- Santa's Workshop does not have a conference room;
- The Ute Pass Library closes at 7:00 pm;
- Green Mountain Falls would rather not allow outside meetings.

Director Whittemore asked Mr. Walker to look into using the Marcroft Hall and the Sallie Bush Center.

The Board acknowledged Mr. Walker's report on District management matters.

7. **Operations Matters:** Mr. Kilik reported the maintenance truck continues to malfunction and he recommended that it be replaced or repaired. Mr. Walker reported that he did not find an auction truck that is less than \$5k from any other metro districts or CSU. Mr. Kilik expects to receive a written estimate between \$2k to 3k from the consulting mechanic soon for work on the transmission. The Board asked Mr. Kilik to obtain a 2nd estimate from Transmission Clinic.

Mr. Kilik shut the water tank off for 2 days in order to measure the water level at the District's tank in search of possible leaks. This process identified some rustiness but he was able to confirm that the tank is not leaking. Director Eason reported that he received complaints regarding the brown discoloration of the water during this time and he indicated to the residents that it was probably due to the test described above.

Discussion about the future use of the tank ensued. Director Soloyanis described the how CSU will use the tank in the event of a fire. Chlorine injection will all be done at the CSU plant, so the District's requirements will be met. Marigreen Pines may have an issue but it's a private system. Cascade will make a recommendation to them to flush more often and/or make adjustments for chlorine; this will apply as well to Santa's Workshop. CSU will design chlorination based on future needs, not what the District has now. Letters will go out to the residents advising them of this adjustment.

Mr. Kilik reported that he is scheduling the roof repair at the pump house during the summer season.

The Board acknowledged Mr. Kilik's report on operations matters, and thanked him for his diligence.

8. **Financial Matters – Nothing to report. No questions.**

9. **Legal Matters**

- a. Update on Potential Litigation Against Former Auditor – Ms. Tanaka reported that the special counsel had completed their efforts.

Director Soloyanis updated the members of the public and advised them that suing the

previous auditors would cost more than the District can afford to pay in legal fees with no guarantee of a positive outcome for the District. Director Soloyanis will include an update in the newsletter and the Board directed Mr. Walker to post the notice regarding the litigation on the District's website.

In response to a question from the public, President Whittemore clarified that the initial Energy Impact Assistance Fund grant was awarded in 2015. The second grant request will likely not be approved due to the moratorium on awarding new grants as a result of the recent Supreme Court decision regarding severance taxes.

10. **Public Comment** (Items Not on the Agenda Only. Comments limited to 3 minutes per person and taken in Order In Which They Appear on Sign-Up Sheet) – None

11. Executive Session:

Executive Session (§§24-6-402 (4)(b) and (e), C.R.S.) Pursuant to Sections 24-6-402(4)(b) and (e), C.R.S., upon motion duly made by Director Soloyanis; seconded by Director Herr and, upon affirmative vote of at least two-thirds of the quorum present, the Board convened in Executive Session at 6:25 p.m. for the purpose of discussing matters subject to negotiation with third parties and for receiving legal advice thereon.

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.

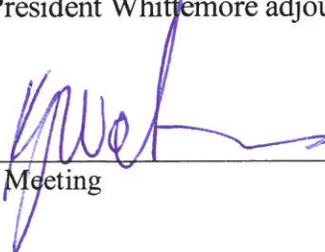
The Board reconvened in regular session at 6:42 p.m. upon motion by Director Spaulding. Director Soloyanis seconded the motion. The motion passed unanimously.

12. **Other Business:** Next Meeting Date—June 28, 2016 at 5:30 PM

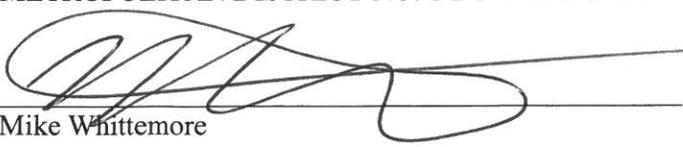
13. **Adjournment:** Director Spaulding moved to adjourn the meeting. The motion was seconded by Director Eason. President Whittemore adjourned the meeting at 6:43 pm.

Respectfully submitted,

By:


Secretary for the Meeting

THESE MINUTES ARE APPROVED AS THE OFFICIAL MAY 24, 2016, MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

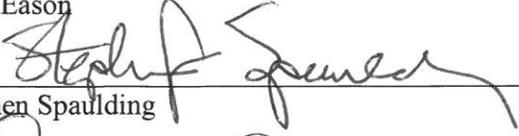

Mike Whittemore



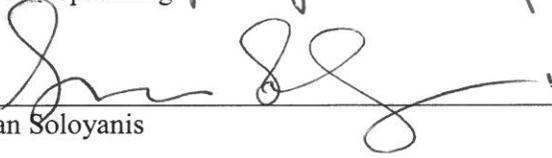
Mike Herr



Troy Eason



Stephen Spaulding



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 May 24, 2016, for the sole purposes of conferencing with the District's legal counsel for the purposes of receiving legal advice on specific legal questions and for discussing matters subject to negotiation, as authorized by §§ 24-6-402(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