

**MINUTES OF A REGULAR MEETING OF  
THE BOARD OF DIRECTORS OF THE  
CASCADE METROPOLITAN DISTRICT NO. 1  
HELD JUNE 28, 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 28th day of June, 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
Stephen Spaulding, Assistant Secretary	Term Expires May 2018
Susan Soloyanis, Assistant Secretary	Term Expires May 2020
Troy Eason, Assistant Secretary (arrived at 5:35 PM)	Term Expires May 2018

**Also in Attendance Were:**

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

- 1. Call to Order:** President Whittemore called the meeting to order at 5:30 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 Herr moved to approve the agenda with the addition of an item under Item 9. Legal Matters to discuss the AOS notice and that Item 8 be heard first on the agenda. Director Spaulding seconded the motion to approve the agenda as amended. The motion passed unanimously.
- 8. Financial Matters – Consider acceptance of the 2015 Audit and Approval of Client Representative Letter**

Mr. Hammond was recognized by the President Whittemore for purposes of presenting and discussing the 2015 audit. The draft audit had been distributed the previous week to the Board. Mr. Hammond

stated that the audit had proceeded with good cooperation by all parties. He reviewed the important changes from last year including that notes had been paid off, that restricted cash bonds had been issued and that various changes to some of the charges had been noted as presented in the audit document. Acknowledgement of the EIAF grant was also noted. Responding to question from President Whittemore, Mr. Hammond stated that they offered and “unqualified audit opinion” as a result of the audit, the highest level of assurance they offer.

Director Herr moved to accept the 2015 Audit and approve the execution of the Client Representation Letter subject to a final legal review by Ms. Tanaka. Director Spaulding 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 (enclosure)
- b. Acknowledge Manager’s Report (enclosure)
- c. Approval of Board Meeting Minutes from the May 24, 2016 Meeting(enclosure)
- d. Approval of Payables for the Period Ending June 28, 2016 (enclosure) in the amount of:

General Fund:	\$30,359.05
Capital Projects Fund:	\$ 175.50
Debt Service Fund:	\$23,493.75
Pyramid Mountain Review Retainer*:	\$ 0.00
Grant Capital Projects Fund:	\$ 0.00
Total	\$54,028.30

- e. Acceptance of Unaudited Financial Statements as of April 30, 2016, the schedule of cash position updated as of April 30, 2016 and bank statements (enclosure)
- f. Acceptance of Unaudited Financial Statements as of May 31, 2016, the schedule of cash position updated as of May 31, 2016 and bank statements (enclosure)
- g. Approval of Requisition No. 13 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 (enclosure)

Director Herr reported that he reconciled the bank statements with the financial statements and found no discrepancies.

Director Herr moved to approve consent items 4. (a) through (g). Director Spaulding seconded the motion. The motion passed unanimously.

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

6. **Management Matters**

- a. CSU report update: Director Soloyanis reviewed the current status of the on-going negotiations with Colorado Springs Utilities (CSU) for the Improvements Requirement Report which includes the redesign and construction of the District’s

water system to enable the conversion of the system to a CSU owned and operated system. The changes requested by CSU will increase the overall cost by approximately \$80,000 to \$100,000 more than originally anticipated, but will benefit the District and can be paid from the contingency fund. President Whittemore and Director Soloyanis will continue to work with Jason Meyer from GMS. The deadline for submitting the District's letter advising of the conversion is August 7, 2016. Director Soloyanis stated that she feels CSU is being fair with the District and although the negotiations and subsequent reviews are taking longer than expected, the process is going well. President Whittemore recommended that Ms. Tanaka review any documents from CSU with ample time for a report from her to the Board, prior to responding to the City. Mr. Borden asked a question regarding the ability of CSU to change the agreement once it is final. It was stated that the final agreement will be legally binding to ensure that CSU does not make any drastic changes to the approved plans without prior approval from the Board. The only exception will be those that may be necessary in the field once the construction phase begins.

- b. Safety Update: Mr. Walker reported that he has completed the process to establish a credit account with HD Supply to purchase equipment for the water operators in the future. HD Supply requested a copy of the sales tax exemption certificate for the District, which resulted in the discovery that the District had never received a sales tax exemption certificate from the State. Mr. Walker contacted the State Department of Revenue and has begun the application process for a sales tax exemption certificate. Mr. Walker and Mr. Kilik reported that Mr. Kilik acquired the following items from HD Supply:

- Fire Extinguisher
- Goggles with face shield
- Black Wrist Gloves

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

- c. Mr. Walker reported that losses had steadily increased over the past several months and had reached 40% in May. While there as an increase in the water used and a small leak that had been repaired, this was concerning. The tank had been checked for a leak the previous month. Extra focus on watching for leaks over the coming months was suggested and Mr. Kilik and Mr. Schorman will tour the system.
- d. Discussion on meeting locations: Mr. Walker reported that he contacted the venues requested by President Whittemore and had the following results:
- Marcroft Hall: This facility is not ADA compliant at this time. They are currently accepting bids to modify it in order to become an ADA

compliant facility. Charges for the room may be up to \$25.00 for three (3) months.

- Sallie Bush Center: This facility is ADA compliant and is available on Tuesday evenings, but has no table or chairs or premises. The cost to rent the facility is \$20.00 per hour.

No change to meeting venue was proposed at this time.

7. **Operations Matters:** Mr. Kilik reported the truck transmission had been briefly repaired with the use of Lucas Oil. The Board inquired if this remedy will fix the issue and it was noted that it was not likely.

Mr. Kilik reported the use of the chlorine did create some hazard to clothing and it was suggested that a purchase of an apron be accomplished in the next month.

Mr. Kilik confirmed that he was prepared to sign up to take the C license test. Sign up starts July 1 and test is in the following months.

8. **Financial Matters – Consider acceptance of the 2015 Audit and Approval of Client Representative Letter – See earlier in the minutes.**

9. **Legal Matters**

- a. Availability of Service (AOS) Charge – Ms. Tanaka discussed the AOS notice requirements. Language had been provided to the District Manager to be included in the next billing cycle that would meet the required notice to electors in order to apply the new fee. It was suggested that the notice include language that would clearly state that this new fee would not affect the cost to current account holders. Mr. Walker suggested that they would include this in the next billing cycle for a hearing at the August meeting.

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) –**

Mr. Jim Borden of Mariposa Lane in Cascade Metro District addressed the Board of Directors with the following questions/concerns:

- a. Collections- Are there late fees able to be charged? Are the cost of collections also charged? Can they be charged interest? Ms. Tanaka responded that there is a \$15 late fee per month that is charged and collected and that the cost of collections is also part of the charges for turning the water back on. One account that had been the subject of recent foreclosure actions had been charged attorney fees, collection fees, etc.
- b. Construction – When will construction start and how will the communications with the property owners proceed? Director Soloyanis answered that construction will likely to start early spring 2017. The Board agreed that a robust communications plan would be important for traffic and water outage communication. They envision public meetings, door hangars, access plans etc. will be a part of the effort.

- c. Audit – Mr. Borden inquired about whether the auditors were insured and was assured by the Board that they were adequately covered.

**11. Other Business:**

- a. Director Eason inquired as to why there were locate flags at the intersection of Pyramid/Severy. Mr. Kilik answered that this was done to locate the water line in that location in support of the Pyramid Mountain water project. The location of the line on Director Herr's property at that location was discussed.
- b. Next Meeting Date—July 26, 2016 at 5:30 PM

**12. Adjournment:** Director Spaulding moved to adjourn the meeting. The motion was seconded by Director Eason. Motion passed unanimously. President Whittemore adjourned the meeting at 6:22 pm.

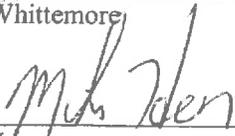
Respectfully submitted,

By:

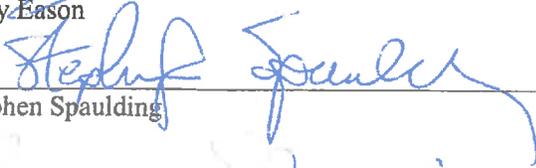
  
Secretary for the Meeting

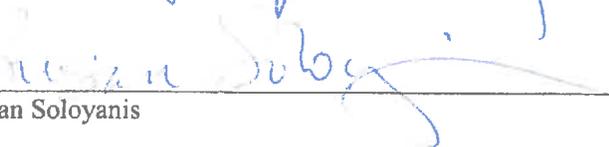
THESE MINUTES ARE APPROVED AS THE OFFICIAL JUNE 28, 2016, MINUTES OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF DIRECTORS SIGNING BELOW:

  
Mike Whittemore

  
Mike Herr

  
Troy Eason

  
Stephen Spaulding

  
Susan Soloyanis

