

**MINUTES OF A REGULAR MEETING OF
OF THE BOARD OF DIRECTORS OF THE
CASCADE METROPOLITAN DISTRICT NO. 1
HELD DECEMBER 22, 2015**

A regular meeting of the Board of Directors of the Cascade Metropolitan District No. 1 (the "Board") was duly held on Tuesday, the 22nd day of December, 2015, 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

Duane Schorman, District Operator

Andre Kilik, District Operator

Kevin Walker and Brenda Quinones, Schooler & Associates, Inc., District Managers

Members of the Public; see attached list

- 1. Call to Order** – The meeting was called to order Board President Whittemore at 5:33 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** – Mr. Walker requested the addition of approval of Requisition Number 6 to the Financial Matters. (This was later noted that it was included in the Consent Calendar section). The agenda order for item 8 b was adjusted to have the presentation of the CSU submittal to first under this item. Moved by Director Soloyanis and seconded by Director Spaulding to approve agenda as amended. Motion passed unanimously.
- 4. Public Comment** – Mr. Don Brown spoke for Cindy Lou Megyeri, owner of 7850 Gardiner Rd. He explained that a contractor had been responsible for breaking the meter and modifying it

to keep it running with a paper clip. He explained that he was going to be the owner of the property as a result of a deed that was to be recorded and that now that the past due amounts were certified to the El Paso County Treasurer that this would be covered by the lender when taxes were due and payable. Ms. Tanaka explained the billing status for the account noting that the amounts certified to the County were those which were more than six months delinquent, by statute, and that additional fees are outstanding for amounts that have accrued since that period of time. Ms. Tanaka noted that if payment was made on that outstanding amount, service can be restored. It was noted that the Board had previously approved a payment plan for the property, which plan was never acknowledged in writing by the property owner and pursuant to which no payments were made. Ms. Tanaka noted that service to the property was previously shut off as a result of non-payment. Mr. Brown noted he will be in touch with Mr. Walker in order to bring the account current.

Mary McGreevy, 8154 West US Highway 24, and 7790 Severy Ave., discussed her billing situation and requested clarification about her alternatives to the District's water system noting questions and concerns about the various fees charged for her service. Specifically, she wanted to know if she could have water delivered to her home as opposed to receiving service from the District. Ms. Tanaka and Board President Whittemore explained that if she were to have water delivered, she would still be required to make the payments for the fixed charges, which includes all fees except the usage. Ms. Tanaka also noted that if she were to abandon her tap and later wanted to receive service again, she would be required to repurchase a tap at the then-current rate. Further, Ms. Tanaka noted that once CSU takes over operation of the system, they may force her to hook up to the system and receive service. Mr. Walker discussed that the meter at this location had been measuring no usage for several months and that a work order had been generated to see if the meter was no longer operating correctly.

Mr. Walker also discussed the December billing and clarified that there had not been an increase in the charges but that there had been adjusted billing for December to reflect only 10% of the water usage charges being billed in November (October usage) due to a software error. The billing difficulties were being addressed at no charge to the District by Schooler & Associates, Inc. through the use of third party billing expertise and that the billing transition difficulties should be improved in the January billing. Mr. Walker agreed to follow up with Mrs. McGreevy to clarify the billing issues specifically related to her property.

General discussion about the billing issues with the ratepayers occurred and it was noted that the Manager should better notify the Board when issues such as this are expected.

5. Correspondence - None

6. Consent Agenda Items

- a. Acknowledge Manager's Report
- b. Approval of Board Meeting Minutes from the November 17, 2015 Special Meeting
- c. Approval of Payables for the Period Ending December 21, 2015 in the amount of:
General Fund: \$81,524.41

Debt Service Fund:	\$80,280.91
Total	\$162,105.32

- d. Acceptance of Unaudited Financial Statements as November 30, 2015, the schedule of cash position updated as of November 30, 2015 and bank statements (enclosure)
- e. Approval of Requisition No. 6 in the amount of \$20,210.26 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)
- f. Ratify Second Addendum to the Independent Contractor Agreement with Lamb Plumbing and Excavating, Inc. for plumbing and excavation services (enclosure)
- g. Ratify approval of Second Addendum Independent Contractors Agreement With GMS, Inc. for General Engineering Services (enclosure)
- h. Ratify approval of Memorandum of Understanding with El Paso County regarding the funding of design services for Fitz Gulch Project (enclosure)

Mr. Kilik presented a verbal Operations Report to the Board due to computer issues. Mr. Kilik noted concerns about the pump house roof needing repair (Director Eason agreed to assist the operators in reviewing the situation). Mr. Kilik reported that CSU's request for eight water samples had been delayed due to the weather as the sampling requires flushing of the system which water would freeze on the roads creating an unsafe road condition. The Board inquired into whether it was possible to use CSU's lab for the test results to save on money. GMS will look into this possibility. Mr. Kilik also noted that the chlorine residual levels were not consistent through the system and this was a concern for operations. The chlorine issue was to be followed up on by the Operator and the engineer to ensure the .2 mg/l residual requirement is being met at the farthest point on the system.

Director Herr noted that he had reviewed the financials and the accounts had reconciled. Mr. Walker noted that the backflow preventer letters had been sent in early December with a date of March 15 noted for compliance. Motion made by Director Soloyanis, seconded by Director Eason, to approve the Consent Agenda. Approved unanimously.

7. Consideration of items removed from Consent Agenda – None

8. Management Matters

- b. CSU report update – Director Soloyanis introduced the issue and Mr. Meyer and Mr. Frisch from Meyer and Sams, Inc. to present the Preliminary Draft report to be delivered the next week to CSU. Preliminary draft reports were delivered to the Board. The general outline of the report was introduced. The detailed presentation covered the following items:
 1. General system status with numerous improvements outside of existing rights of way
 2. That the primary objectives of the recommendations is to
 - a. Protect Public Health
 - b. Protect Public Safety
 - c. System Reliability

- d. Operations and maintenance**
- 3. Specific recommendations were presented:
 - a. Chipita Park Rd.**
 - b. Rampart Terrace/US Highway 24**
 - c. Fountain/Chipita Park/Martindale area**
 - d. Hagerman/Forest/Mariposa/Columbine area**
 - e. Pyramid Mountain Road Area**
 - f. Poplar/Oak/Martindale area**
 - g. Prairie/Park Area**
 - h. US Highway 24 frontage road**
 - i. Modjeska/Hagerman/Severy area**
 - j. Heizer Street Area**
 - k. South Topeka Ave.**
 - l. Storage Tank**
 - i. Recommendation to operate system without tank**
 - m. CSU Connection**
 - n. General valves, hydrants and valve boxes**

General discussion on the presentation occurred. Moving the lines out of easements and into ROW was a primary objective for safety and maintenance purposes. It was noted that the tank recommendation had the advantage of removing an expensive item for upgrade and allowed the system to operate with different pressures managed by a pressure reducing valves. The current buildings were noted as liabilities, especially the pump house roof. The construction process was noted to include extensive coordination and notification of affected property owners as the construction progressed.

The timing was reviewed as follows:

- Submittal by December 28, 2015
- 60 day review by CSU with CSU to provide an Improvements Required Report (“IRR”) by 60 days (expect that there will be ongoing discussions as questions come forward)
- 90 day review by District to decide whether to go forward with CSU conversion or to pursue an independent system
- If the District pursues conversion, 5 years from the CSU IRR issuance date to complete improvements with a possible 2 year extension available if substantial completion is achieved by the 5 year date
- Likely construction to begin in 2017 if go forward with CSU alternative

Other issues discussed included the need for property interests such as easements which may require the use of condemnation proceedings. It was noted that the grant may need to be expanded as the process progresses. Also, CSU relationships and communication was much improved.

Moved by Director Herr, seconded by Director Eason to accept the report,

subject to finalization, and to authorize submittal to CSU by the December 28, 2015 deadline. Motion passed unanimously.

- a. Update on Fitz Gulch – Ms. Tanaka and Mr. Walker reviewed the current status of the process to remediate the storm damage. The water line has been covered, the design accomplished, the invoice submitted. Property owners were still not in agreement with the plan and did not agree to assume maintenance responsibilities or obligations upon completion of the improvements. The Board reiterated its position that no further expenditure of time or District funds be directed toward this project unless and until the sources of funds can be identified and confirmed and the maintenance obligations are agreed to by someone other than the District.
- c. EIAF Grant status was discussed. The use of grant funds to the extent possible for current expenditures will be reviewed with the Manager, Counsel and Engineer.
- d. Billing reconciliation was noted to have been discussed previously in the meeting.

9. Operations Matters –

The status of the leak was discussed. Leaks at the Highway Frontage Road, Rampart Terrace and Severy Rd. had been repaired and the water usage was back to normal. The application for a leak adjustment through the Colorado Springs Utilities process was prepared and will be submitted upon counsel review.

Mr. Kilik reported that the operations staff replaced two fire hydrants. He also noted that the remote reader at the master meter is having issues and indicated he will manually read this meter. He noted he is not sure what the cost of a new reader is. It was suggested that since CSU provided the reader, they may be willing and/or able to repair or replace the reader and requested that GMS contact CSU regarding this matter.

10. Financial Matters

- 11. **Legal Matters** – Ms. Tanaka engaged the Board in a general discussion regarding social media and the Sunshine law.
- 12. **Other Business** – Next meeting date is scheduled on January 26, 2016.

Meeting adjourned at 7:53 PM.