

**MINUTES OF A REGULAR MEETING OF
THE BOARD OF DIRECTORS OF THE
CASCADE METROPOLITAN DISTRICT NO. 1
HELD JULY 24, 2018**

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 July 2018, 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
Susan Soloyanis
James Borden
Troy Eason (Arrived at 5:59 p.m.)

Also in Attendance Were:

Jennifer Gruber Tanaka, Esq., and Heather Hartung, Esq., White Bear
Ankele Tanaka & Waldron, Attorneys at Law (via telephone)
Kevin Walker, Walker Schooler District Managers
Mark Hornberger, GMS
Andre Kilik, District employee (Arrived at 5:52 p.m.)
Stephen Spaulding
Braden Hammond, BiggsKofford, P.C.
Kristina Kulick, Walker Schooler District Managers
Members of the public (see sign-in sheet attached)

1. **Call to Order:** The meeting was called to order at 5:34 p.m. by President Whittemore. Reported that Director Eason would be arriving late.
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. No additional disclosures were noted.
3. **Approval of Agenda:** President Whittemore confirmed the Board had time to review the Agenda. Director Herr motioned to approve the Agenda; seconded by Director Soloyanis. Motion passed unanimously.
4. **Review of 2017 audit and consider acceptance of same – Biggs_Kofford** Mr. Hammond, Audit Manager for Biggs Kofford, presented copies of the Draft 2017 Audit to the Board

with minor changes from the initial draft. Mr. Hammond said he will send the final corrected copy to Ms. Tanaka for her review and approval. He stated that the financials are similar to last year. (Ms. Hartung joined the meeting by phone at 5:37 PM) Mr. Hammond said the only thing to point out is the Balance Sheet and the District has a good cash position and has been improving the last few years. He said water sales revenue was down and purchased water was up. Loss continues to increase which resulted in a small net loss from last year. He said this audit renders the opinion we are expected to render an unqualified opinion which is the highest level of assurance the auditor can give. He pointed out the recommendations page. Director Herr discussed reconciling at the bank and when they match he is very happy with that. The Board had no questions and they thanked Mr. Hammond for his report. Director Herr motioned to accept the Audit, seconded by Director Borden. Motion passed unanimously.

5. Consent Agenda Items:

- a. Acknowledge Operations Report
- b. Acknowledge Manager's Report
- c. Approval of Board Meeting Minutes from the June 26, 2018 Meeting
- d. Approval of Payables for the Period Ending July 24, 2018 in the amount of:

General Fund:	\$ 40,708.10
Capital Projects Fund:	\$282,283.86
Grant Capital Projects Fund:	\$106,967.45
Debt Service Fund:	\$ 30,829.17
Total	\$460,788.58
- e. Acceptance of Unaudited Financial Statements as of July 24, 2018, the schedule of cash position updated as of July 24, 2018 and bank statements
- f. Approval of Requisition No. 37 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

Mr. Walker confirmed there were no changes to the Consent Agenda. Director Herr said he did reconcile this month and item E has been reconciled for June. Director Soloyanis moved to accept the Consent Agenda; seconded by Director Borden. Motion passed unanimously.

6. Consideration of items removed from Consent Agenda: None

7. Management Matters:

- a. General Update on Water Construction Project and Update on Second connection and Topeka leak detection: Director Soloyanis said she has very good news on the Colorado Springs Utilities Redundant Feed for water supply. Colorado Springs Utilities advised the District that they will no longer require the redundant feed and they have recommended other work. Director Soloyanis recommends that the District accept this offer and agree to complete the recommended improvements. Director Herr and President Whittemore discussed taking the tank out of service and noted that this will require the District to modify valving and dispose of the tank. This will become the property disposition committee's responsibility.

Director Soloyanis said that they recently have been experiencing leaks in the 2-inch galvanized lines. The life of the lines is 40 years and they are now springing leaks. She reported that she and Director Borden accompanied the operators on these repairs and they are simply putting on band-aids. Director Herr asked if any of these lines are included in the new system. Director Borden confirmed that most will be replaced. Director Soloyanis said people have been mostly happy and impressed with the work that has been going on for the community's benefit though there have been some critics. CSU sent a letter about contractor non-use of trench. Director Soloyanis clarified that the Board nor GMS has safety direction over the Contractor. Mr. Hornberger confirmed they have passed on the information to the Contractors. President Whittemore said it is up to the Contractor to abide by OSHA regulations and it is not the District's responsibility to cite or instruct them. Director Herr said if the contractor is fined, it is their responsibility pursuant to the District's construction contract.

Director Soloyanis said that another criticism is that there are a lot of open projects and they are starting new projects without finishing other projects. One reason is we are waiting on an easement for the park to get that side of the highway finished. Director Soloyanis expressed a preference to complete these open projects before starting others. Mr. Hornberger said that is the responsibility of the Contractor and not effectively being able to direct their schedule and the recent heavy rains. Director Borden said he does not want the customers to suffer more than necessary but he would like to see the road cuts paved and finished; his recent experience with the heavy rain could have been costly with mud entering his house had he not been home. President Whittemore asked if they have an erosion plan. Mr. Hornberger said yes and the contractor is responsible for that completing those protections.

(Mr. Kilik arrived at 5:52 p.m.) Director Soloyanis said she asked Ms. Tanaka about how the District sells property and Ms. Tanaka advised that the process is relatively quick. Two District properties need an environmental questionnaire. President Whittemore said we need to address the adjoining properties and suggested offering owned parcels to neighbors if we are going to sell the parcel. President Whittemore added we could also offer the tank to the neighboring owner. Director Herr asked about use of quit claim deeds; Ms. Hartung confirmed that they could be used.

Mr. Hornberger said crews have started by the Post Office. (Director Eason arrived at 5:59 p.m.) Director Borden asked about houses needing pressure reducing valves on Chipita Park. Mr. Hornberger said he will get measurements for a more accurate drawing to give to the City. President Whittemore confirmed it is a new requirement. Mr. Hornberger said that out of the seven affected houses, two do not require changes and five will need new service lines. Mr. Hornberger said it will be the District's responsibility and we should wait until CSU gives us a letter stating that is what they want. Director Soloyanis said CSU did leak testing on Severy and Pyramid Mountain; Mr. Hornberger confirmed no leaks

were found. Director Soloyanis asked Mr. Walker if we had received any invoices from CSU from work done. Mr. Walker said not in the last 6 months. Director Soloyanis said they might wait until the end to send the bill, but she will just wait for it. Director Soloyanis thanked Mr. Hornberger for keeping her informed and letting her know what is going on so she can help and meet with affected homeowners and put a face to the Board.

Director Soloyanis moved to approve the CSU's offer; seconded by Director Eason. President Whittemore asked if GMS reviewed the offer. Mr. Hornberger said yes. GMS said this is doable and within budget and we should proceed. Motion passed unanimously. Director Soloyanis asked if Mr. Walker will write the letter to CSU accepting their terms of getting rid of redundant fee and going with the alternative solution. Mr. Walker will get the letter to Ms. Tanaka for review as well.

- b. Project Contractor Pay Request – GMS: Mr. Hornberger recommends that the Board approve the invoices and he has checked the quantities and they are accurate. Mr. Walker said it is reflected in the payables. Director Soloyanis moved to approve Pay Request No. 3 as submitted in Payables and in Requisition No. 37 approved in items 5.e and 5.f; seconded by Director Borden. Motion passed unanimously.

- c. Approval of Easements for Following Properties:

1. 8230 W Highway 24
2. 8236 W Highway 24
3. 8006 W Highway 24
4. W. Highway 24 (83233-00-106)
5. 8234 W Highway 24
6. 8232 W Highway 24

Director Soloyanis moved to approve the easements; seconded by Director Borden. Mr. Hornberger said that an easement is expected on Ute Pass Dr. in two weeks. Motion passed unanimously. Ms. Hartung said she will update the sheet that they have been accepted.

Mr. Walker said only half of the backflow people have responded. There was a waiver granted to North Pole to wait until October. Mr. Walker said he sent reminder letters of the \$100 charge on their account if not done. Mr. Walker said that several people have complained about trash pickup due to streets being torn up and they are requesting reimbursement. He said there was also a request from an owner who wants to know if they could get a break on water due to flushing the line. The Board indicated that this would not be proper to grant relief on this matter. Mr. Walker discussed that there was a question last meeting on the cost of easements. He said that Ms. Tanaka's fees, including title work costs, are \$114,000, GMS' costs are \$115,000 for a total spent around \$304,000 to date. It was budgeted for \$250,000 so it is over budget, but that is the current number.

Director Borden thanked Mr. Walker for his help.

8. **Operations Matters:** Mr. Kilik said there is a lot going on but it is all the same, finding breaks. He said they need to touch up some things after the storm. Mr. Kilik told the Board that he made a mistake and turned off services that were not supposed to be turned off. He read an email and misunderstood the request. He said they were only off for an hour, and it was on a late notice cycle. Mr. Kilik said he feels bad and that it was an accident. Mr. Walker told the Board he has made changes to prevent this from happening again.

Mr. Kilik said all of the 2-inch supplies have run out, so he may need to make a special order. Director Borden asked Andre what he needs to do to get parts. Mr. Kilik said he will order them with the supplier. Mr. Hornberger said that Mr. Kilik has been keeping up so we haven't had to use other locaters. President Whittemore said we should try to utilize backup to keep Mr. Kilik available. The Board expressed the desire to have some backup manpower

9. **Financial Matters:**

- a. Midyear Budget Review: Mr. Walker told the Board he completed a review of the budget. He said we have sold a little more water than last year and bought more water than last year. This year's budget was increased for sales by 10%, but expenses were still under budget. Water loss this month was 50%, down from 70% so there is improvement. All other incomes are on track, little behind on AOS accounts, but not surprising. Mr. Walker will talk to Ms. Hartung about an enforcement plan on those and possibly request the Board to have these certified for the Treasurer to pay on property taxes. President Whittemore asked if we are charging AOS on Mesa at the lot, and are we putting in a service line. Mr. Kilik said no they are not tying in, but possibly on Topeka. Mr. Walker will find out if they are paying AOS. President Whittemore said he wants to make sure that we will still be able to provide service to them if they want it, especially if they are paying AOS. Mr. Walker said on the expenditure side, we will probably be over budget on payroll by \$15,000 to \$20,000. He added we may be under that amount on other line items, legal for example, so it should balance out in the end. Mr. Walker thinks the budget is in good shape with no major concerns.

Director Eason asked about the schedule on the project. Director Soloyanis is hoping not to carry over on to next Spring/Summer. The extension asked so far is four weeks with an additional three days due to the rain and having to clean the streets. Director Eason asked about repaving; Director Soloyanis said the District is paying for the repaving.

10. **Legal Matters:** Ms. Tanaka had no updates.

11. **Public Comment:** There was no public comment.

11. **Other Business:** Director Eason asked about the redundant line and if we are keeping the tank. Director Soloyanis explained what the Board discussed earlier and that we are

keeping the tank.

a. Next Meeting—August 28, 2018 at 5:30 p.m.

12. **Adjournment:** The meeting was adjourned at 6:29 p.m.

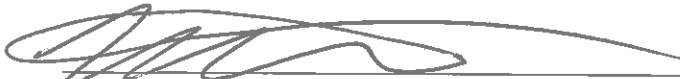
Respectfully submitted,

By: _____

Secretary for the Meeting



THESE MINUTES ARE APPROVED AS THE OFFICIAL JULY 24, 2018 MINUTES
OF THE CASCADE METROPOLITAN DISTRICT NO. 1 BY THE BOARD OF
DIRECTORS SIGNING BELOW:



Mike Whittemore

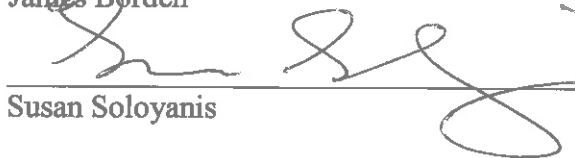
Mike Herr



Troy Eason



James Borden



Susan Soloyanis

CASCADE METROPOLITAN DISTRICT NO. 1

Please print the requested information below. If you wish to address the Board during public comment, please indicate that by checking the box under the public comment column. Public comment will be taken in the order they appear on this sheet. Public comment is limited to three (3) minutes.

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