

**TOWN OF RYE**  
**RECORD OF PROCEEDINGS**  
**January 8, 2025**

**Call to Order/Roll Call**

Marty Rahl called the Regular Monthly Board Meeting to order at 6:00 p.m. at the Town Hall at 2067 Main Street in Rye, Colorado. Those in attendance were as follows: Marty Rahl, Mayor; Kathy MacCormack, Mayor Protem; Patrick Ryan, Trustee; Sandra Steele, Trustee; Geoff Pagnotta, Trustee; Heidi Miller, Trustee; Aimee Kramer, Trustee; Paul Hendricksen, Owner of Valkyries Infosec; Greg Colter, Colorado Rural Water; Markus Buck, WTPO; and Jocelyn Ensley, Town Clerk. Those absent were: N/A.

**Audience Participation**

- Paul Hendricksen with Valkyries Infosec addressed the Board and presented “Securing SCADA: A Cyber Security Defense Strategy”. Mr. Hendricksen then reviewed the statement of Work for Incident Response Tabletop and NIST 800-53r5 Audit Preparation; as well as the Town of Rye Comprehensive Cybersecurity Quote. The Board discussed the presentation.
- Jocelyn Ensley requested to present item I. 2024 December Bank Fraud Update in full. The Board agreed to allow her to present item I. 2024 December Bank Fraud Update. Jocelyn Ensley stated that on 12/24/2024 she received a call from Bank of the San Juans Branch Manager, Kournty Quillen, to notify her of suspicious activity occurring in the Water Account. Jocelyn Ensley stated that Mrs. Quillen explained that a fake check for \$76,000.00 had been deposited at another bank, in another state, and that bank had called her to ensure it was legitimate, and when she discovered it was not legitimate, she immediately placed a “no-post” on the account. On December 26, 2024, Mrs. Quillen contacted Jocelyn Ensley and Marty Rahl stating that there appeared to be more suspicious fraudulent activity in other accounts and that they were placing a “no-post” on all of the accounts until the following day. On 12/27/2024, Mrs. Quillen called Jocelyn Ensley and stated that “really bad things are happening in these accounts” and requested that Jocelyn Ensley outline all fraudulent activity in all accounts. Jocelyn Ensley stated that as of 12/27/2025 a total of \$185,558.82 had been taken fraudulently from five bank accounts through fake checks and fake ACH Transfers. Jocelyn Ensley provided a detailed print out of all fraudulent activity that occurred for the Board to review. Jocelyn Ensley stated that Marty Rahl immediately contacted the Town Attorney and they advised that the Town file a report with the Pueblo County Sheriffs Department, the Colorado District Attorneys Office, and with FBI/CBI, to which Marty Rahl immediately contacted the Pueblo County Sheriff's Office and filed a report.

Jocelyn Ensley stated that Officer R. Villarreal with the Pueblo County Sheriff's Department took the initial report and provided the case #24S033360. She went on to say that police report isn't available as of yet, but she will present the report upon its availability. Jocelyn Ensley stated that she immediately contacted Agent in Charge Traci Dowd with the Colorado Bureau of Investigations. Agent Dowd was on holiday when she received the call and was unable to provide a case number at the time of reporting. Her email is [traci.dowd@state.co.us](mailto:traci.dowd@state.co.us) and her direct number is 303-968-5406. Jocelyn Ensley stated that Agent in Charge, Traci Dowd, was able to walk her through trouble shooting the Town Clerk email to ensure that her emails were not being infiltrated while she was continuing to email Kourtney Quillen, Marty Rahl, and third-party CPA, PBI Consulting, LLC. Agent Dowd had Jocelyn Ensley check the mail forwarding settings as well as had her go through all of the email files with a fine-tooth comb to ensure that scammers had not created a place to hide their conversations posing as herself. Once she ruled out that her email hadn't been hacked, Agent Dowd strongly advised Jocelyn Ensley to have a Cyber Security professional perform an in-depth assessment of her work laptop for malicious activity ASAP and to not perform any work until she had 100% certainty that it is clean. Jocelyn Ensley stated that she was able to contact Paul Hendricksen, owner of Valkyries Infosec and he picked up her laptop that evening pro bono. The following morning Paul Hendricksen notified Jocelyn Ensley that no malicious activity was found on her laptop and returned her laptop to Town Hall. Agent Dowd also requested that Jocelyn Ensley include her in an email notifying the third-party CPA, PBI Consulting, LLC, stating that the Town had a breach, and the accounts had been compromised. The CPA stated that they had not heard of or had any other reports from any other clients. Agent Dowd stated that she will follow up with them in her investigation. Jocelyn Ensley stated that all reports and findings from CBI will be presented as soon as they are available. Jocelyn Ensley stated that she emailed the clerk serve list (a private email group made up of only Town Clerks in Colorado) to notify them that the Town accounts had been compromised and she encouraged other clerks to closely check their Towns accounts and report any fraudulent activity to Agent in Charge Traci Dowd. Jocelyn Ensley stated that the Bank of the San Juans was able to return and credit the ACH Transfers immediately, but the outstanding \$181,000.00 in fake checks would be more difficult for them to retrieve the money back from and is now a matter of "if" we can get it back. Jocelyn Ensley explained to the Board that FDIC only keeps our money safe in the case that the bank has a failure, not for fraud. Jocelyn Ensley stated that she has contacted CIRSA Insurance to initiate a claim in the case that Bank of the San Juans is unable to return the \$181,000.00 but that the Town only has up to \$100,000.00 in Cyber Crime Coverage. Jocelyn Ensley stated that the worst-case scenario the Town would face is the total loss of \$81,000.00 if the funds cannot be returned and the best-case scenario is all money will be returned. Jocelyn Ensley stated that all new bank accounts have been created and all remaining funds transferred,

leaving the Town with roughly \$114,000.00 and \$40,000.00 in bills to approve for January 2025.

- The Board reviewed the Valkyries Infosec Quote. Aimee Kramer made a motion to approve the quote provided by Valkyries Infosec for upgrading the Town of Rye hardware. Patrick Ryan seconded the motion. The motion passed unanimously
- Kathy MacCormack made a motion to allow the Town employees to begin a working relationship with Valkyries Infosec and to approve Valkyries Infosec quote to Develop Incident Response Plan and BCDR per the approval of grant funding. Sandra Steele seconded the motion. The motion passed unanimously.

### Consent Agenda Items

- Patrick Ryan made a motion to approve the December 11, 2024- Regular Monthly Meeting Minutes. Sandra Steele seconded the motion. The motion passed unanimously.
- The ORC Water Treatment Plant End of Month Report was reviewed by the Board. Jocelyn Ensley stated that Lead and Copper results for July-December 2024 came back past the maximum allowed exceedance level due to three isolated homes. Jocelyn Ensley stated that as of October 2024 EPA has changed the public notification timeline from 30-days' notice to 24-hour notice to all residents and that all notices MUST be delivered by hand and are not allowed to be mailed. Jocelyn Ensley stated that she received the official violation notice from CDPHE earlier that afternoon, 1/8/2025 at 12:00pm and she would have until the end of day 1/9/2025 to comply with the violation regulations. Jocelyn Ensley stated that she and Richard Hopp, ORC, had a meeting the previous day 1/8/2025, with CPDHE representatives, Bryan Pilson, Jorge Delgado, and Ben Keilly as the Town of Rye is the first Town and/or City in the State of Colorado to receive a violation under the new EPA regulations. Jocelyn Ensley stated that Richard Hopp asked Bryan Pilson, "If the electricity of a home or property is not grounded properly, can that produce lead/copper in the water lines?" and Bryan Pilson stated, "yes, that is true.", ensuing that CDPHE is not able to prove that the lead and copper results is due to water service lines, fixtures, etc. and could be caused from a myriad of other sources including, environmental. Jocelyn Ensley stated that Bryan Pilson can be reached at [bryan.pilson@state.co.us](mailto:bryan.pilson@state.co.us), 303-692-3318 for public comment and urges the public to contact him directly with their questions and/or concerns about creating a misrepresentation of who is actually affected by this Lead and Copper Exceedance and whose responsibility it is to rectify the matter. Jocelyn Ensley reiterated that the Town will potentially be facing these violations and regulations every six months indefinitely, until the specified properties upgrade their service lines, and the Town can prove that the changes have been made to CDPHE. Jocelyn Ensley stated that Richard Hopp notified Marty Rahl and herself that CDPHE is going to require the Town to start participating in "minnow testing" to be able to retain the Towns discharge permit

starting in 2025. Jocelyn Ensley explained that the Town would be responsible for purchasing minnows to be sent to a lab, where the Town's water would be used in the reproduction of minnows; and, if the minnows do not reproduce, we fail. Jocelyn Ensley stated that this testing would be done quarterly and is thousands of dollars each quarter, resulting in a significant increase in the water testing budget.

- Jocelyn Ensley stated that Little Diggers Construction was rescheduled to perform meter replacement training due to weather conditions. Jocelyn Ensley stated that additional quotes for having the fire hydrants repaired have not been received due to weather conditions and will be presented as soon as possible. Jocelyn Ensley stated that she is still awaiting a quote from Element Engineering for them to conduct additional research for the Sewer CIP. Jocelyn Ensley stated that the manhole is ready for installation and will be scheduled upon weather conditions.
- The Water and Sewer Monthly Meter Usage (Billing Register) was reviewed.
- The Town of Rye Summary of Accounts, RVS Systems Totals Report and CCMD Sewer Flow Chart were reviewed by the Board.
- The Summary of Aged Receivables was discussed by the Board. Past due accounts were called by Jocelyn Ensley and reminded of their past due balance as well as the current due balance. The Board instructed Jocelyn Ensley to issue disconnect letters for all delinquent accounts surpassing 61+ days in payment.
- Kathy MacCormack made a motion that the Accounts Payable/Transfer of Funds from appropriate accounts be paid and that appropriate funds be transferred per the Checks Written form. Geoff Pagnotta seconded the motion. The motion passed unanimously. Aimee Kramer made a motion to transfer \$30,000.00 from the water savings money market account to the water checking account to cover account payable expenses. Patrick Ryan seconded the motion. The motion passed unanimously.
- The Board reviewed the Profit & Loss and Balance Sheets. Jocelyn Ensley stated that all of the fraudulent activity had to be entered into the financial system to be able to reconcile the bank accounts properly, and the losses are reflected accordingly for each account.
- The Master Calendar was reviewed. Jocelyn Ensley has updated the calendar to reflect the date and name of persons completing monthly items. Geoff Pagnotta made a motion to terminate the working relationship between the Town of Rye and PBI Consulting, LLC located at 2548 Mesa Springs View Colorado Springs, CO 80907, effective immediately. Kathy MacCormack seconded the motion. The motion passed unanimously. The board instructed Jocelyn Ensley to request quotes from local CPA's as soon as possible for the 2024 Audit Exemption and to review all accounting practices by the Town Clerk to ensure the current methods being used are secure.

### **Unfinished Business**

- The Board reviewed the 2025 Water and Sewer Rate Increase letter to be sent to all water and sewer account holders in the January 2025 billing. Jocelyn Ensley stated that a 3% water base increase has been applied successfully as well as the sewer usage adjustment for all associated accounts.
- Jocelyn Ensley stated that she has not received a decision from the Safer Routes to School Grant program. An update will be provided at the next regular monthly Board meeting.
- The Board discussed the 2024 Annual Parade of Lights & Tree Lighting Ceremony. The Board brainstormed ways to improve the 2025 event. Marty Rahl stated that she will contact Doyle Keys to schedule the lights being taken down and that the students who helped decorate Main Street will be removing the décor, weather permitting.

### **Reports**

CPA Update: N/A

Attorney Update: N/A

Trustee Updates:

- Marty Rahl stated that she has reached out to Sara Blackhurst with Action 22 to see if the Town can coordinate a meeting between the newly appointed senators, legislators, and county commissioners to present what the Town is facing regarding the new EPA Lead and Copper Regulations.
- Marty Rahl instructed Jocelyn Ensley to begin gathering paving quotes for the spring 2025 year.

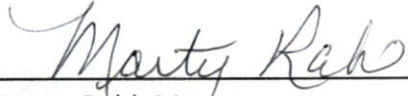
Staff Updates: N/A

### **New Business**

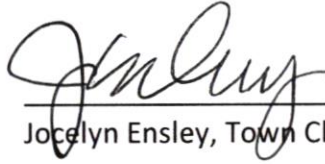
- The Board read and reviewed Resolution 2025-1 Designating Postings and Official Newspaper. Kathy MacCormack made a motion to approve Resolution 2025-1 Designating Postings and Official Newspaper. Aimee Kramer seconded the motion. The motion passed unanimously.
- The Board read and reviewed Resolution 2025-2 Setting Regular Meeting Dates & Location of Places. Patrick Ryan made a motion to approve Resolution 2025-2 Setting Regular Meeting Dates & Location of Places. Kathy MacCormack seconded the motion. The motion passed unanimously.

### **Adjournment**

At 8:40 p.m., Patrick Ryan made a motion that the Board close the regular meeting. Kathy MacCormack seconded the motion. The motion passed unanimously.



Marty Rahl, Mayor



Jocelyn Ensley, Town Clerk

**The Next Regular Session meeting will be held on  
February 12, 2025, at 6:00 pm at the Town Hall at 2067 Main Street, Rye, CO 81069  
The public is encouraged to attend.**

*Individuals with disabilities needing auxiliary aid(s) may request assistance by contacting the Rye Town Clerk at 719-489-2011. We would appreciate it if you would contact us at last 48 hours in advance of scheduled events so arrangements can be made to locate the requested auxiliary aid(s).*