

CHEROKEE METROPOLITAN DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS

July 18, 2008

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Friday, July 18, 2008 at 1:00 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Ted Schubert	Gayle Jones
Andy Anderson	Steve Hasbrouck
Robert Lovato	

OTHERS PRESENT

Kip Petersen	Dian Hardekopf
Art Sintas	Jim Culichia
Sara Howard	Lily Baker
Pete Heidebrecht	Bryan English
Tyler Drennan	

OTHERS PRESENT SIGNING IN

Dave Hacker	Ruthann Hacker
Mary Hernandez	Jon Maroon
Sean Byers	Jan Olson
Ken Martinez	Mariah Olson
Steven Daniels	Eugene Johnson
Ken Emricson	Walter Herrley
Tina Hudson	Dennis Daniels
Kevin Daniels	

ITEM 1:

The meeting was called to order by President Schubert at 1:00 p.m. Ms. Hardekopf called roll call of the Board of Directors, all Directors were present.

ITEM 2:

Mr. Schubert asked if there were any changes or amendments to be made to the July 18th Special Meeting Agenda. There were none given.

*****MOTION*****

MS. JONES MADE A MOTION TO ACCEPT THE SPECIAL MEETING AGENDA FOR JULY 18, 2008 AS WRITTEN. SECONDED BY MR. ANDERSON. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. (5-0).

ITEM 3:

Mr. Petersen updated the Board on the two contracts that have been completed with the City of Colorado Springs and Meridian Ranch Service District for temporary water supply.

Mr. Petersen stated that Cherokee has been flowing from the City for roughly 1-½ months. This water was the remaining balance of water that was purchased last year from Pueblo West. With this, the City of Colorado Springs approached Cherokee and stated they have excess water to sell at the same rate as the purchase from Pueblo West. The contract with the City was secured with up to 250 acre feet of water available to be used by the end of April 2009. Also, a contract was secured with Meridian Ranch Service District to allow up to 180 acre feet of their Guthrie water to be used by the District.

ITEM 4:

- Mr. Petersen wanted to state that the report given on News 13 the previous night had a few inaccuracies pertaining to the watering restrictions last year. They reported that during the week the District went on not outside watering, that the golf course was able to continue watering. Mr. Petersen made it clear that the golf course also was not allowed to water during this period. Another inaccurate statement was the cost the District took from the reserves of \$600,000 to pay for the water being wheeled through Colorado Springs. The cost was much lower when taking in the revenue from water sold and the fact that not all 500 acre feet of water purchased was used. Mr. Petersen wanted to make the point clear that the report was mixing issues of the District's water conservation with the meeting being held today for questions, answers, and statements regarding the possible recall election.
- Mr. Petersen stated that as the General Manager of the District, he would follow all legal processes regarding the recall of the three Board Members. He continued, stating that Dian Hardekopf has been appointed by the courts as the Designated Election Official (DEO) for this recall. If there are any technical questions regarding the recall that they should be directed to Ms. Hardekopf; Mr. Petersen wanted it made very clear that no staff member will be involved or will comment on the recall. This process must be handled following all the statutes for a recall procedure.

Mr. Petersen explained the process for recalling directors, stating that the only thing that is approved by the DEO is the petition form and not the legitimacy of the statement within the petition. However, Mr. Petersen did want to state that the petition for Mr. Schubert was very inaccurate. Mr. Culichia stated that it was

the District's attorneys that approached the Schuberts' to purchase the water rights; and stated in the Board Minutes of January 8, 2008 (see attached) that the Board had directed the attorneys to put together a contract for Schubert's water along with other waters that may be available and at that time made it clear that Mr. Schubert was not part of nor will be involved in any decision and will abstain from any vote related to the contract or purchase of Schubert water. Mr. Culichia commented that the petition is factually inaccurate.

Mr. Petersen also commented that the petitions for Ms. Jones and Mr. Anderson are perceived as spill over from issues on the Cimarron Hills Fire Board. The Cherokee Metro Board is very well organized and does not have any problems; when it comes to the decision making with regards to running the Cherokee District properly; things run very smooth.

- Mr. Petersen stated that there were copies of the petitions available for viewing (see attached); however, these petitions are NOT to be signed as they are not part of the original petitions that are being circulated; these are copies only.
- Mr. Schubert stated that he received a list of questions (see attached) before the meeting and asked that Mr. Culichia address them.
 - Who is on the recall board and who initiated the recall? Mr. Culichia stated the names on the committee for the recall are Robert L. Aguilar, Tracy E. Stuehm, and William E. Beahan. The assumption is that they also initiated the recall.
 - What is the purpose of the recall? Mr. Culichia commented that by the petitions, the purpose would be to remove three of the current board members and replace them with three new individuals.
 - If the recall is successful, what do the future board members plan to do that will resolve the current situation quicker? Mr. Culichia could not answer that as staff and legal counsel for the District are not involved with the recall. Mr. Culichia and Mr. Petersen both stated that the water issues are being resolved as best as possible given the lack of water rights available for purchase and the time involved in the legal process and negotiating for water rights.
 - Who is paying for the new elections? The District will incur all costs to run a recall election if the recall petitions are found sufficient with enough eligible signatures.
- Mr. Culichia and Mr. Petersen reviewed how the process and voting will happen once the recall petitions are deemed sufficient or insufficient. Explaining once again that if the recall petitions are sufficient and it goes to an election that the District will be required to pay for all costs incurred to run the election
- At this time, Mr. Schubert explained who he is, his history involving politics and water issues and spoke to the accusations in the petition that are absolutely untrue. Mr. Schubert stated once again, that the minutes from January 8, 2008 show there was no vote taken regarding his water and any minutes prior to or after will clearly show that he nor the rest of the Board have ever voted to

purchase the Schubert water; and Mr. Schubert re-stated that his water is not for sale!

- Ms. Jones commented on her resentment towards the accusations and wording on all three of the recall petitions. Ms. Jones talked about her business background and qualifications for being on both the Cimarron Hills Fire Board and the Cherokee Metro Board. Ms. Jones' comments were directed towards the Committee Members of the petitions both for the Water Board and the Fire Board, along with comments towards Hammer's Construction. The comments made by Ms. Jones were clearly relating to the situation and issues from the Fire Board which were brought into the petitions for recall against Ms. Jones and Mr. Anderson for the Water Board.
- Mr. Schubert stated that he doesn't like the co-mingling of the Fire Board with the Water Board, however, the petitions already did that with the statements made on both Mr. Anderson's and Ms. Jones' petitions.
- At this time, the only public that was present, that had specific comments addressed towards them, addressed their remarks to Ms. Jones. Mr. Martinez stated that because of the issues at the Fire Board; this impacts the Water Board in that the residents lack the confidence for both Ms. Jones and Mr. Anderson to also be on the Water Board; residents feel the spill-over from the Fire Board is here at the Water Board. Mr. Martinez did state, however, that the Board has served well with the new Management, new Attorneys, and the Engineer.
- Mr. Anderson feels that the committee's running these petitions have come up with a lot of inaccurate information. Mr. Anderson now gave background information on his past and how he qualifies to be on the Boards. More comments towards the Fire Board were given as again because of the issues from that Board; this has rolled over affecting the Cherokee Metro Board. Mr. Anderson asks that the recall be stopped and that the committee do something decent for the District.
- Mr. Emricson stated that Cherokee has enough problems with dealing with water issues and that maybe Mr. Lovato should be recalled too.
- Mr. Lovato stated that the statements made on the Fire Board petitions can all be substantiated and that he feels the Board has been good here at Cherokee however; there is some bleeding over from the Fire Station.
- Ms. Hacker asked that Mr. Lovato deny that he spearheaded this recall.
- Mr. Hasbrouck commented that the accusations leveled against Mr. Schubert are totally wrong.
- Mr. Lovato wanted to clear up a rumor going around that with this recall that he was trying to get Mr. Petersen's job. Mr. Lovato stated that he does not want

Mr. Petersen's job. he feels that Mr. Petersen has done a great job for the District and that he would always support Mr. Petersen.

ITEM 5:

There being no further business to come before the Board at this time, a motion was made for adjournment.

The Meeting adjourned at 2:50 p.m.

Gayle Jones, Secretary/Treasurer

Board Members

Term Expires

Ted Schubert, President
Steve Hasbrouck, Vice President
Gayle Jones, Secretary/Treasurer
M.B. Anderson, Director
Robert Lovato, Director

May, 2010
May, 2012
May, 2010
May, 2010
May, 2012