

CHEROKEE METROPOLITAN DISTRICT
REGULAR MEETING OF THE BOARD OF DIRECTORS

September 9, 2008

MINUTES

The Regular Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Tuesday, September 9, 2008, at 5:30 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Ted Schubert	Gayle Jones
Steve Hasbrouck	Andy Anderson
Robert Lovato	

OTHERS PRESENT

Kip Petersen	Pete Heidebrecht
Dian Hardekopf	Len Meyer
Art Sintas	Griff Rainford
Jim Felt	Todd Larson
Ed Meyer	Sara Howard

OTHER GUESTS SIGNING ATTENDANCE LOG

Joe Craig	Chloe Olson
Mary Hernandez	Jan Olson
Jim and Judy Burnside	Norbert Pirri
Ken and Rita Martinez	Terry Shaw
Dave and Linda Mattes	

ITEM 1:

The meeting was called to order by Chairman Ted Schubert at 5:30 p.m.

ITEM 2 and 3:

Mr. Schubert asked if there were any changes or amendments that needed to be made to the agenda. There were none noted.

*****MOTION*****

MR. HASBROUCK MADE A MOTION TO APPROVE THE AGENDA, AS WRITTEN, FOR THE REGULAR MEETING OF SEPTEMBER 9, 2008. SECONDED BY MR. ANDERSON. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

ITEM 4:

The Minutes of the Regular Meeting of August 12, 2008, were reviewed. Mr. Schubert asked if there were any changes that needed to be made to the Minutes. Mr. Lovato commented that his questions concerning Meridian Ranch payments, which he addressed in the August meeting, were not mentioned in the Minutes, and he requested that in the future his comments and questions be duly noted. Mr. Lovato's question was concerning the "what if Meridian doesn't pay their portion of the WWTF". Mr. Meyer along with Mr. Petersen and Mr. Felt stated that Cherokee has an IGA with Meridian and to date have had no issues with payment. If they were to not make payment as with any contract or agreement; the worse case would be a lawsuit. Ms. Hardekopf did state that the minutes will not contain all comments, questions and answers but rather a summary of questions, answers and discussions. No changes of the Minutes were necessary

*****MOTION*****

MR. LOVATO MADE A MOTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF AUGUST 12, 2008. SECONDED BY MR. HASBROUCK. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

ITEM 5:

⇒ Public Comments

- Mr. Schubert asked for a show of hands from the audience who wished to speak. There was a show of two hands.
- Mr. Norbert Pirri praised the Board and staff on the appearance of the completely-xeriscaped island near his home on Pawnee Circle; before-and-after pictures were passed around to the Board members displaying the improvements. Mr. Pirri did mention that the west end of the island's curb is somewhat bent, and he suggested a tree be planted on the east end where there is open space.
- Mr. Joe Craig, representing the Pronghorn Meadows HOA, asked if the Board would be addressing his park development concerns which he raised at the last month's meeting. He was informed by Mr. Petersen that this item would be discussed in the Manager's Report.

There were no other public comments.

ITEM 6:

⇒ Legal Report – Mr. Jim Felt

- Mr. Felt updated the Board on the Replacement Plan, stating that after two and one-half years after submission, the District has now received consent from the State Engineer's Office to publish the Plan. Any objection to the Replacement Plan will need to take place within 30 days, and the Plan's model shows no negative impact to the southern basin. Mr. Felt pointed out the pictures of the 11 recharge basins that will ultimately be used to recharge. He then gave a very educational and detailed overview of the WWTP operation, and several excellent questions addressed from the audience were thoroughly answered by Mr. Felt, Mr. Petersen, and Mr. Meyer. Mr. Lovato asked if more storage tanks could be built to store any additional water. Mr. Meyer stated that the District has an adequate storage supply it is the low production that needs to increase for the demands; also, at a cost standpoint, it would be very expensive for the District to build more storage.
- The Denver Basin Lease case is in full litigation before the Judge. A request of venue to El Paso County's jurisdiction was denied as it was the Judge's opinion it should be addressed first with the Groundwater Commission, then to El Paso County. Mr. Felt's professional opinion was that if the District would be able to quantify the lease of the Denver Basin, it would alleviate the current water deficit that the District has. A Status Conference is scheduled on Monday, September 15, 2008, at 1:30 p.m. in the Department of Wildlife's Auditorium; this will set the time line for the hearings.
- Mr. Felt stated the District is on the threshold of having the Denver Basin Quantification Case finished for the water underlying the District boundaries. The District would be eligible for a credit of 367 acre feet per year from the Denver Basin Aquifer.

ITEM 7:

⇒ Engineering Report - Mr. Ed Meyer

- Mr. Meyer provided a report on the wastewater project and related issues (see attached). Glacier Construction's 2nd pay request has been received. With retainage at 10%, the net amount due the Contractor is \$597,452.82. GMS recommends approval of the pay request in that amount.

*****MOTION*****

MS. JONES MADE A MOTION TO APPROVE PAY REQUEST NO. 2 TO GLACIER CONSTRUCTION IN THE AMOUNT OF \$597,452.82. SECONDED BY MR. HASBROUCK. THERE WAS NO FURTHER DISCUSSION. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

- Work at the WWTP is progressing in a satisfactory manner with electrical conduit installation being undertaken, and the perimeter fence posts have been installed. The aerobic digester basins and all four SBR basins have been excavated. Overall site grading is in process.
- The Water Pollution Control Revolving Fund Loan Request No. 8 has been prepared, and it requests a total of \$341,057.01 to be remitted to the District to cover eligible costs occurring within July and August. GMS recommends approval of the requisition in that amount.

*****MOTION*****

MS. JONES MADE A MOTION TO AUTHORIZIE REIMBURSEMENT OF WPCRF REQUISITION #8 BACK TO THE DISTRICT IN THE AMOUNT OF \$341,057.01 SECONDED BY MR. HASBROUCK. THERE WAS NO FURTHER DISCUSSION. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

At this time, Mr. Schubert asked for a short break. The meeting recessed at 6:45 p.m.

The regular meeting resumed at 6:54 p.m.

ITEM 8:⇒ **Manager's Report – Kip Petersen**

- Mr. Petersen advised the Department of Local Affairs has determined that the District's population stands at 18,219 residents. Lottery funds are contingent on the District's population and how many people play the lottery.
- The State Engineer's Office has approved the purchase of water from CAR 3 Investment, LLC and has given favorable comments for the Fuller project and others.

- On September 11, 2008, Mr. Petersen will be touring the Fountain Mutual Shares operations, the authority which gives small water districts the ability to exchange, trade, or swap water resources. There may be a need for future augmentation needs.
- Mr. Petersen then passed out a printout retrieved from the El Paso County Assessor's website outlining the public record real estate property in the District. His goal is to establish an overall park plan for the District, proposing one full-time staff member to conduct park maintenance and management. The first year he would recommend two to three part-time summer employees and a one-time capital expenditure request for equipment. Mr. Lovato asked where the equipment would be stored; Mr. Petersen stated that he is still working on a solution for that issue. Mr. Craig brought to the Board the possibility of the Pronghorn Meadows HOA purchasing the lot in question in their development, and Mr. Petersen said he would seriously consider this proposal.
- The 2009 budget process has commenced, and Mr. Petersen will have available to the Board the initial review of the preliminary budget at the October 14, 2008, regular meeting. He then hopes to have a line-by-line review for the November budget hearing that will be held at the regular November meeting.
- Mr. Petersen advised the Board that with energy costs rising to almost 30%, and fuel costs increasing 12-20% over the last year, he will be recommending to the Board an increase in water rates for the upcoming year. His recommendation is not based on, and has nothing to do, with the District's water conservation measures. The District has covered the increasing operating costs for the past 2 years. He will recommend no sewer rate increase, but would request an increase in sewer and water tap fees. He will be bringing this consideration as an agenda item to the October meeting and will be looking at conducting a rate study proposal on commercial and residential rates for the 2009 budget.
- Salary increases for the 2009 budget were also discussed. Mr. Petersen recommended that the Board set a work session for the discussion of the rate increases and salaries for Tuesday, October 7, 2008 at 5:30 p.m. The Board agreed to this date and time.
- Mr. Schubert felt the District should not take on any new projects it really doesn't need. He said a lot of people are pinching pennies, and inflationary costs are affecting everyone.
- Mr. Petersen invited any member from the Board to tour the WWTP. He recommended allowing two and one-half hours for

driving time and touring and asked that whoever was interested to please call and he would schedule a date and time.

ITEM 9:

⇒ Water/Wastewater Report – Art Sintas

- Mr. Sintas provided an update on the District's water demands (see attached). Demands for August were 3.608 mgd compared to August 2007 of 3.680 and 3.400 mgd for August, 2006. Pikes Peak Wells produced 722 acre feet of 840 total acre feet which equals 86% capacity. The Tipton Well has produced 68 acre feet of 225 total acre feet and that equals 30% of its capacity. The Guthrie Well produced 55 acre feet of 175 total acre feet and 31% capacity. The City of Colorado Springs' water flow was turned off on August 14, 2008, whereby the district received a total of 352 acre feet of 352 total acre feet.
- Mr. Sintas stated the District is still on Stage 2 Water Conservation Plan and doesn't recommend any changes, and the warnings and violations are unchanged since last month. Forty-five sod permits have been sold since September 2.

ITEM 10:

⇒ Golf Course, Pro Shop – Todd Laxson

- Mr. Laxson provided his monthly report to the Board (see attached). With June and July consistently being the highest revenue-yielding months of the year, they are still hard to forecast primarily because of the weather and school-related customers. Keeping that in mind, August is the next month affected, and the following summarizes the activities in revenue for August: Total rounds were slightly behind last year; punch card sales are ahead of last year in volume and revenue because of the elimination of the 30-round punch card, and grill sales are consistent with August, 2007.
- August serves as the last month of the major tournament season, with the nine-hole event for the KRDO Junior Championship series being held on August 4th, and the tournament season for the Cherokee Ridge Men's Club. Mr. Laxson wanted to note that when the Golf Course hosts tournaments, it does take away from regular play; and regular play is what drives revenue. However, tournaments are a critical tool for all golf courses to both attract

more regular play and bring new golfers in our doors in hopes of retaining their business in the future.

Maintenance – Griff Rainford

- Mr. Rainford updated the Board on the April maintenance of the Golf Course (see attached). August was a great month for growing turf, and the Course received 4.71 inches of rain during the month. Mr. Rainford's crew verticut and top dressed greens to reduce thatch and avoid diseases. Greens and tees were fertilized. Water usage was limited, because the rain resulted in a 60% reduction from August, 2007.
- Mr. Rainford advised the well has been pumping at 120 gpm and yielding over 150,000 gallons per day. September is the beginning of the fall maintenance schedule, and the course will be prepared for winter and next spring.

ITEM 11:

⇒ Old Business

There was no old business to report.

ITEM 12:

⇒ New Business

There was no new business to report.

At this time, Mr. Schubert asked for a short break. The meeting recessed at 7:34 p.m.

The regular meeting resumed at 7:38 p.m.

ITEM 13:

⇒ Executive Session: CRS 24-6-402(4)(b)

*****MOTION*****

MR. LOVATO MADE A MOTION TO ENTER INTO AN EXECUTIVE SESSION CITING 24-6-402(4)(b) LEGAL CONSULTATION. SECONDED

BY MR. HASBROUCK. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

Executive Session was entered into at 7:39 p.m.

*****MOTION*****

MR. ANDERSON MADE A MOTION TO COME OUT OF EXECUTIVE SESSION AND RETURN THE MEETING TO THE OPEN SESSION OF THE REGULAR MEETING. SECONDED BY MS. JONES. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT APPROVED. MOTION CARRIED (5-0).

The Regular Session began at 8:30 p.m.

Mr. Petersen stated that there were no decisions given that the Executive Session was strictly informational.

ITEM 17:

⇒ Adjournment

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

The Meeting adjourned at 8:32 p.m.

Gayle Jones, Treasurer

Board Members

Term Expires

Ted Schubert, President	May, 2010
Steve Hasbrouck, Vice President	May, 2112
Gayle Jones, Secretary	May, 2010
Andy Anderson, Director	May, 2010
Robert Lovato, Director	May, 2112