

CHEROKEE METROPOLITAN DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS

December 4, 2006

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Monday, December 4, 2006 at 12:00 P.M. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Ted Schubert	Andy Anderson
David Hacker	Robert Lovato

OTHERS PRESENT

Kip Petersen	Dian Hardekopf
Jim Culichia	Art Sintas
Bill Beahan	

ITEM 1:

The meeting was called to order by President Schubert at 12:16 P.M. Ms. Hardekopf called roll call of the Board of Directors, all Directors were present with the exception of Ms. Jones who was excused. Mr. Anderson arrived a little late.

ITEM 2:

Mr. Schubert asked the Board to review the agenda for the special meeting of December 4, 2006 and request any needed changes. There were no changes or amendments requested.

ITEM 3:

*****MOTION*****

MR. LOVATO MADE A MOTION TO APPROVE THE AGENDA FOR DECEMBER 4, 2006 AS WRITTEN. SECONDED BY MR. HACKER. ALL BOARD MEMBERS PRESENT VOTED TO APPROVE. MOTION CARRIED. (3-0)

ITEM 4:

Mr. Culichia and Mr. Petersen did not feel that the discussion of the water contracts needed to be done in Executive Session so the meeting proceeded in regular session.

Mr. Culichia gave an extensive overview of the process of negotiations on the purchase of the Tipton wells, which are owned by Randy Case, then asked if the Board had any questions on their review of the contracts that they had received in their packets prior to the meeting (see attached). Mr. Culichia stated that the purchase will be for 225 acre feet. There are 4 developers that will be purchasing the water and will contract with Cherokee, they are; Jim Morley, Danny Mientka, Grant Langdon, and Craig Oberg. This purchase will be for the developments of Claremont Ranch #8, Hannah Ridge, Wilshire, and Powers Pointe. Mr. Culichia explained that a portion of the closing had to be done today for 71.5 acre feet the remaining balance will be done by the end of January, 2007.

Mr. Culichia explained that because of the deficit of the 1200 acre feet of water that Cherokee has with the over commitments, they had to establish a Manager-Managed Limited Liability Company called Cherokee Water, LLC (see attached). This will allow usage of the water for new development. At this point, The Cherokee Metro District will not own title to the water but will have full use of the water once it is online for our existing customers. This will help to keep the water restrictions at 2 days, possible 3 days per week for the summer use. One concern from the Board was the liability of the District or the Board in creating the LLC. Mr. Culichia explained that page 9 section 6.2 of the operating agreement has strict rules on passing the water on if any development falls through.

The purchase agreement between Cherokee and Case International was reviewed by Mr. Culichia (see attached). This contract explains the negotiations reached in order to purchase 221 acre feet with the 4 acre feet remaining for use by Mr. Case within a small commercial development within the Cherokee District. At this time, Mr. Culichia did a quick review of the remaining service agreements stating that they are written the same way as the previously approved service agreements for the 200 acre feet of Kane water.

*****MOTION*****

MR. LOVATO MADE A MOTION TO ALLOW MR. PETERSEN & MR. SCHUBERT TO EXECUTE THE LLC OPERATING AGREEMENT, THE WATER SERVICE AGREEMENT BETWEEN CHEROKEE METROPOLITAN DISTRICT AND CHEROKEE WATER, LLC; THE SERVICE AGREEMENTS

BETWEEN MORLEY COMPANIES FAMILY DEVELOPMENT, LLC; SAND CREEK INVESTMENTS NORTH, LLC; MARKSHEFFEL BUSINESS CENTER, LLC; & POWERS & GALLEY WATER LLC, AND THE PURCHASE SETTLEMENT STATEMENT. SECONDED BY MR. HACKER. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT VOTED TO APPROVE. MOTION CARRIED (4-0).

Mr. Petersen reviewed the memo given to the Board in their packets regarding an email from Mr. Schroeder. The email stated that he felt Cherokee should not pay the attorney fees to the Upper Black Squirrel District as Judge Maes ordered. Mr. Schroeder feels that Judge Maes acted improperly in granting the award. Mr. Petersen suggests to the Board that it is not good business to continually appeal or argue with Judge Maes's decisions. Mr. Petersen has asked the Board to make a motion to take no further action on the appeal or decisions brought down by Judge Maes.

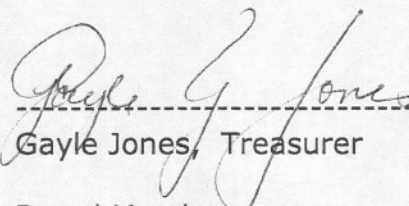
*****MOTION*****

MR. LOVATO MADE A MOTION TO NOT TAKE ANY FURTHER ACTION IN THE DECISIONS BROUGHT FROM JUDGE MAES AND TO HAVE MR. PETERSEN DIRECT MR. SCHROEDER TO HOLD OFF ON ANY FILINGS AT THIS POINT. SECONDED BY MR. HACKER. WITH A ROLL CALL VOTE, ALL BOARD MEMBERS PRESENT VOTED APPROVE. MOTION CARRIED (4-0).

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 1:08 P.M.



Gayle Jones, Treasurer

Board Members

Term Expires

Ted Schubert, President
Andy Anderson, Vice President
Gayle Jones, Secretary
Dave Hacker, Director
Robert Lovato, Director

May, 2010
May, 2010
May, 2010
May, 2008
May, 2008