

CHEROKEE METROPOLITAN DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS

December 6, 2011

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Tuesday, December 6, 2011 at 2:45 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Dave Hammers	Steve Hasbrouck
Jan Cederberg	William Beahan
Larry Keleher	

OTHERS PRESENT

Sean Chambers	Art Sintas
Kevin Donovan	Marti Whitmore
Sara Howard	Sandy DeCarolis
Dian White	

OTHER GUESTS ATTENDING

Mary Hernandez	Sue Myer
Mitch Albrecht	Jerry Kessel

ITEM 1:

The meeting was called to order by Chairman Dave Hammers at 2:49 p.m. Roll call of the Board of Directors was taken; all Directors were present except Mr. Beahan, who arrived within ten minutes.

ITEMS 2:

Mr. Hammers asked if there were any changes or amendments that needed to be made to the December 6th Special Meeting Agenda. There were no changes.

*****MOTION*****

MS. CEDERBERG MADE A MOTION TO APPROVE THE DECEMBER 6, 2011 SPECIAL MEETING AGENDA AS WRITTEN. SECONDED BY MR. KELEHER. WITH A VOICE VOTE, ALL BOARD MEMBERS IN FAVOR. MOTION CARRIED (5-0).

ITEM 3:

⇒ Executive Session:

*****MOTION*****

MR. KELEHER MADE A MOTION TO GO INTO EXECUTIVE SESSION SITING CRS 24-6-402(4)(b). MOTION DIED FOR LACK OF A SECOND.

ITEM 4:

⇒ Presentation by Jerry Kessel and Associates of CoH2O on New Water Supply Project

Mr. Kessel stated he has water; however, he is not prepared to make his presentation at this time. He could be ready by the December 13th meeting. Mr. Kessel asked that he make, what he could present in the confines of an Executive Session.

*****MOTION*****

MR. BEAHAN MADE A MOTION TO GO INTO EXECUTIVE SESSION FOR MR. KESSEL'S PRESENTATION. SECONDED BY MR. HASBROUCK. MR. BEAHAN WITHDREW HIS MOTION AFTER A PUBLIC COMMENT MADE BY MS. HERNANDEZ. MOTION DIED.

It was agreed by all present that Mr. Kessel would do his presentation in open session, and it was up to Mr. Kessel to keep proprietary information confidential or otherwise undisclosed.

Mr. Kessel stated he had been in the water business for 35 years, and the source of his water is very unique as he believes there is not much water available outside of the Horsecreek Basin. Mr. Kessel reviewed the geographical location and the historical makeup of the Basin providing a disc with a study by the State Engineer done on the basin in 1989. Little Horse Creek runs from Calhan to Ordway.

Mr. Kessel's property is located near Rush Road & Judge Orr Road which is the high area of the northern part of the basin. This is the property from which the water would come from. It was asked if he would be building the pipeline to Cherokee's infrastructure. Mr. Kessel answered that he would not but this would be a future negotiation on funding the District to put in the pipeline. He also stated that he would be drying up the farms within 2-3 years and would do the change of use for the water. He has other users lined up but could not disclose certain information regarding that at this time. He also commented that the oil and gas companies were very interested in this water; however, he would like to help Cherokee out with the District's water needs first.

It was stated that the cost would be around \$3200 per acre foot per year. Ms. Whitmore wanted to clarify that this offer was for leased water rather than a purchase. Mr. Kessel explained that it could be anywhere from a 10-25 year lease with a contract to buy out. Mr. Kessel stated he would be able to deliver the water by the end of 2012 as he believed he could get a special permit based on Cherokee being in an emergency situation; and with Mr. Fronzak working for him, this would be helpful in negotiating that with the State. Mr. Kessel did not comment on pipeline infrastructure timeline or the required change to the augmentation plan.

Mr. Kessel stated that he would need a letter of intent from the District as to how much water the District would need to acquire, the timeframe of when the water is needed and where the water would be used.

Discussion over the need for 500 acre feet vs. 4,000 acre feet ensued. Ms. Whitmore agreed that the District could use 4,000 acre feet at build out, but believed that Mr. Kessel did not own that much and is concerned with the fact that the Horsecreek Water Users Association would not allow export. Mr. Kessel disputed these comments and restated that he owns more than 4,000 acre feet and it will be allowed to be exported. Mr. Kessel once again stated that he needed a letter of intent from the District so that he can come back with an appropriate proposal.

Mr. Hammers stated that they would have Mr. Chambers re-draft a previous letter sent to Mr. Kessel containing the information needed for him to come back with a proposal. The information would state that the District would require 500 acre feet of water delivered to the Tamlin Tank with an option to purchase a total of 4,000 acre feet within 10 years.

Mr. Chambers suggested that he develop a draft summary of need and timing for Board to review and comment at the next regular meeting prior to sending anything to Mr. Kessel. The Board agreed by unanimous consensus.

ITEM 5 & 6:

Discussions on short term water supply planning, funding for, and the implications to the 2012 budget began. It was determined that this discussion and the discussion with the Albrecht family needed to be combined as they are reliant on one another. The Albrecht land and water proposal required the Board to discuss, with legal staff, further negotiations for this proposal and should be discussed within the confines of an Executive Session.

*****MOTION*****

MS. CEDERBERG MADE A MOTION TO GO INTO EXECUTIVE SESSION CITING CRS 24-6-402(4)(b) FOR FURTHER LEGAL CONSULTATION ON THE ALBRECHT LAND AND WATER PURCHASE, INCLUDING DISCUSSION ON FUNDING FOR SHORT TERM WATER FOR THE ENSUING 2012 BUDGET YEAR. SECONDED BY MR. BEAHAN. WITH A ROLL CALL VOTE, MR. KELEHER-YES, MS. CEDERBERG-YES, MR. BEAHAN-YES, MR. HASBROUCK-NO, MR. HAMMERS-YES. MOTION CARRIED (4-1).

Executive Session began at 5:07 p.m.

*****MOTION*****

MR. BEAHAN MADE A MOTION TO COME OUT OF EXECUTIVE SESSION AND RETURN THE MEETING TO THE OPEN SESSION OF THE SPECIAL MEETING. SECONDED BY MS. CEDERBERG. WITH A VOICE VOTE, ALL BOARD MEMBERS IN FAVOR. MOTION CARRIED (5-0).

The Regular Session began at 6:30p.m

*****MOTION*****

MR. BEAHAN MADE A MOTION TO NOT PURSUE AND END THE ALBRECHT'S LAND AND WATER PURCHASE CONTRACT. SECONDED BY MR. KELEHER. WITH A VOICE VOTE, ALL BOARD MEMBERS IN FAVOR. MOTION CARRIED (5-0).

ITEM 7, 8 & 9:

With the meeting lasting longer than anticipated, and Mr. Chambers needing to attend the UBSCGWMD meeting, the Board decided to table items 8 & 9 and discuss them at the Regular Meeting scheduled for December 13, 2011.

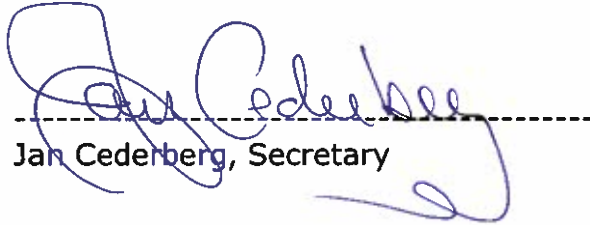
Mr. Keleher stated that he had one quick item, as he was bothered by the salary discussion of the budget from the last meeting. He asked the Board

and Mr. Chambers if the District could adjust for the increase to the employees on the premium costs for insurance. With a short discussion, it was the consensus of the Board and directed to have Ms. DeCarolis adjust the 2012 budget accordingly.

ITEM 10:

⇒ **Adjournment**

There being no further business to come before the Board, the meeting was adjourned at 5:48 p.m.



Jan Cederberg, Secretary

Board Members

Term Expires

Dave Hammers, President
Larry Keleher, Vice President
Jan Cederberg, Secretary/Treasurer
Steve Hasbrouck, Director
William Beahan, Director

May, 2014
May, 2012
May, 2014
May, 2012
May, 2014