

**CHEROKEE METROPOLITAN DISTRICT**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**

October 26, 2011

MINUTES

The Special Meeting of the Board of Directors of the Cherokee Metropolitan District was held on Wednesday, October 26, 2011 at 3:00 p.m. at 6250 Palmer Park Blvd., Colorado Springs, Colorado.

BOARD OF DIRECTORS PRESENT

Dave Hammers	Steve Hasbrouck
Larry Keleher	William Beahan
Jan Cederberg	

OTHERS PRESENT

Sean Chambers	Sandy DeCarolis
Art Sintas	Marti Whitmore
Dian White	Sara Howard
Kevin Donovan	Lily Baker
Todd Laxson	Griff Rainford

OTHER GUESTS SIGNING ATTENDANCE LOG

Assunta Manning	Rodney Preisser
Susan Myers	Mitch Albrecht
Kyle Geditz	

ITEM 1:

The meeting was called to order by Chairman Dave Hammers at 3:00 p.m. Roll call of the Board of Directors was taken, all Directors were present.

ITEM 2:

Mr. Hammers asked if there were any changes or amendments that needed to be made to the October 26<sup>th</sup> Special Meeting Agenda. Since the field trip to the northern USB property was cancelled due to inclement weather, it was suggested to move Items 5 and 6 up on the Agenda so Item 4, 2012 Budget Workshop, could begin at approximately 5:30 p.m.

**\*\*\*MOTION\*\*\***

**MR. KELEHER MADE A MOTION TO APPROVE THE OCTOBER 26, 2011 AGENDA WITH ABOVE MENTIONED CHANGES. SECONDED BY MR. BEAHAN. ALL BOARD MEMBERS PRESENT IN FAVOR. MOTION CARRIED (5-0).**

Mr. Hasbrouck asked to excuse himself from the meeting as he was not feeling well. He requested the Board to contact him via telephonic conferencing if at such time an agenda item needed to be voted on. He left the meeting at 3:04 P.M.

ITEM 3:

Mr. Chambers explained the original plan was to tour the land and view the well production with Mr. Mitch Albrecht to help the Board fully understand the contract with the Albrecht family. At this time, Mr. Chambers introduced Mr. Albrecht and Remax Broker Associate Susan Myers, who is the representing agent in the sale of Judge Orr Estates located at the corner of Judge Orr Road and Ellicott Highway. The 300 acres of land is capable of pumping 350 acre feet of alluvial water and adjudicated 293 acre feet of Denver Basin water/year.

Extensive discussion ensued including the pros and cons of purchasing this land as a northern recharge opportunity and use of water. Mr. Albrecht, owner of Judge Orr Estates, was available to answer questions from the Board. It was suggested having an Executive Session at the December Regular Board Meeting to take this potential resource into further consideration. Further due diligence will continue under the purchase contract.

Mr. Beahan voiced a concern as to the previous Board not pursuing the contact with the Albrecht Family back in 2007. Ms. White explained that it wasn't the District that got out of the contract, that it was the Albrecht Family that wished to stop the negotiations.

Mr. Beahan also asked what would be the negative to not going through with the contract. Both Mr. Chambers and Mr. Hammers agreed that there is no negative, just a lost opportunity.

**ITEM 4:**

While continued revisions and discussion of the draft terms for contract with Greenland Basin Pipeline LLC, were being finalized by the Attorneys, Ms. DeCarolis provided to the Board two charts regarding the cash flow for debt service, one for a \$14 million bond issuance for Greenland Construction and the other for a \$21 million bond issuance for Greenland Construction/Goss purchase. She answered many questions from the Board questioning the advantages and disadvantages of pursuing each bond issuance. The smaller bond would provide for wells and delivery system while the larger bond would finance additional resources.

Mr. Chambers provided an update on a few items which were included in the Board's packet. On November 21<sup>st</sup>, test holes for a second non-potable irrigation well will be drilled at the Golf Course at a cost of \$4,600. It is hoped to have another production well on line at the Golf Course early next year.

Mr. Chambers advised the Board the Goss Well will be pumped through October 31, and then it will be winterized.

Mr. Chambers will be traveling to LaJunta, Colorado to meet with the District 67 Water Commissioner on November 14<sup>th</sup> at 10 a.m. Directors Keleher and Cederberg expressed interest in attending. The topic for discussion will include Lamar Ditch Rights & John Martin Reservoir operations.

A short break was taken at 5:14 p.m.

The Regular session resumed at 5:33 p.m.

Mr. Donovan provided four documents for the Board's review and approval on the water purchase from the Greenland Basin Pipeline LLC. The documents consisted of blanket Easement Agreement to Cherokee, Water Purchase Agreement, Formal Contract, and a Letter of Understanding. Mr. Donovan proceeded to review each document with the Board, Mr. Preisser, Mr. Geditz, Ms. Whitmore, and Staff adding and negotiating some of the items within the contract.

Mr. Donovan explained that if approved, the documents needed to be finalized by the next day as the closing for the purchase was scheduled for the afternoon of October 27, 2011 with Stewart Title Company. One of the items that would be taken care of at closing is the outstanding bill against the Sunset Metropolitan District for the Viewpoint Estates in the amount of \$49,304.11. Mr. Preisser stated that the billing would be paid through Greenland Pipeline Basin, LLC and he would be reimbursed by Sunset Metropolitan District.

Discussion ensued over language for the easement timeline and what would be done if there was a dispute. It was agreed to add a six-month extension and, if not resolved, then arbitration and/or condemnation. Mr. Hammers asked that an electrical easement be specified within that easement agreement along with oil and gas easements. A question was asked if the water quality was not to the standard CMD requested; Mr. Donovan stated that the \$450,000 retainage held in escrow can be held for a water treatment facility in the event of unforeseen water quality issues. Mr. Hasbrouck stated his concerns of signing a contract when there was no proof of water and was not happy with this contract approval.

**\*\*\*MOTION\*\*\***

**MS. CEDERBERG MADE A MOTION TO MOVE FORWARD WITH THE CONTRACTS. THE FIRST BEING THE CONTRACT OF SALE AND PURCHASE OF WATER RIGHTS AND EASEMENTS AS CORRECTED THROUGHOUT THE EVENING'S DISCUSSION; THE SECOND WAS THE WATER RIGHTS CONSTRUCTION TO ALLOW EASEMENTS AGREEMENT AS CORRECTED; TO ALLOW MR. HAMMERS TO SIGN THE OPTION STAND STILL AGREEMENT FOR WATER RIGHTS WITHIN THE 94CW0008; TO SIGN THE ASSIGNMENT OF RIGHTS FOR COLLECTION FROM THE SUNSET METRO DISTRICT OF \$49,304.11 TO MR. PREISSER'S GREENLAND BASIN PIPELINE LLC; TO ENTER INTO A NON-BINDING AGREEMENT TO CO-MINGLE EFFORTS ON THE 99CW126 AGREEMENT TO PURCHASE DAWSON WATER RIGHTS; AND TO AUTHORIZE THE SIGNING OF THE REQUIRED PAPERWORK FROM THE TITLE COMPANY AT THE CLOSING SCHEDULED FOR OCTOBER 27, 2011. SECONDED BY MR. BEAHAN. WITH A ROLL CALL VOTE, MR. KELEHER, YES; MS. CEDERBERG, YES; MR. BEAHAN, YES; MR. HASBROUCK, NO; MR. HAMMERS, ABSTAINED. MOTION CARRIED (3-1-1).**

ITEM 5:

Mr. Hammers asked for the discussion on the Nolte Engineering Report for the Rapid Infiltration Basins (RIBS). Mr. Chambers stated that at this time he would distribute the final report for the Board's review and discussion at a later date.

A short break was taken at 7:00 p.m.

The meeting resumed at 7:11 p.m.

ITEM 6:

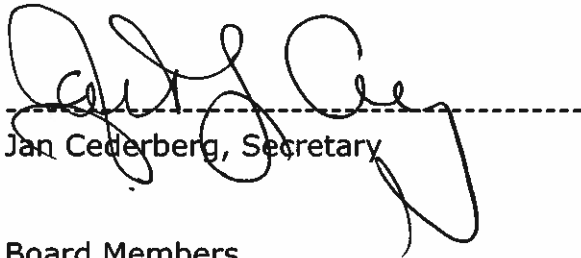
Mr. Hammers handed the meeting over to Ms. DeCarolis for the budget review of the 2012 Budget. Ms. DeCarolis explained that copies of the draft

budget were provided to the Board. Discussion ensued with a line-by-line review. Cost of wastewater treatment, insurance and employee compensation received much scrutiny. Ms. DeCarolis stated that if the Board had any questions after this evening's discussion that she would be available. Also, if anyone had any changes they may want to make after the evenings meeting, she would like them to call or stop by and see her so that the changes could be made before the Budget Hearing scheduled for the November Regular meeting.

**ITEM 7:**

⇒ **Adjournment**

There being no further business to come before the Board, the meeting was adjourned at 9:50 p.m.



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Jan Cederberg, Secretary

**Board Members**

**Term Expires**

Dave Hammers, President	May, 2014
Larry Keleher, Vice President	May, 2012
Jan Cederberg, Secretary/Treasurer	May, 2014
Steve Hasbrouck, Director	May, 2012
William Beahan, Director	May, 2014