CHEROKEE METROPOLITAN DISTRICT
REGULAR MEETING AND
PUBLIC HEARING OF THE BOARD OF DIRECTORS

MINUTES

The Board of Directors Regular Meeting and Public Hearing were held on Tuesday, December 17, 2024, at 5:30 p.m. at 6250 Palmer Park Boulevard, Colorado Springs, Colorado.

#1. Call to Order

Director Kinney called the meeting to order at 5:30 p.m. Those in attendance were asked to stand and cite the Pledge of Allegiance. Directors Kinney, Wall, Bandy, Wilson, and Sintas were present, and there were no Directors' qualifications or disclosures.

#2. Review and Approval of Agenda

The agenda was reviewed for any changes. There were none.

Motion: Director Wall motioned, seconded by Director Wilson, to accept the December 17, 2024, Agenda as published. Motion unanimously passed.

#3. Minutes

The November 19, 2024, Regular Board Meeting Minutes and the December 2, 2024, Budget Work Session Minutes were brought before the Board for review and approval. Director Wall requested the November 19th Minutes be tabled for further review.

Motion: Director Wall motioned, seconded by Director Sintas, to table approval of the November 19, 2024, Minutes for further review. Motion unanimously passed.

Motion: Director Wall motioned, seconded by Director Wilson, to approve the December 2, 2024, Work Session Minutes as written. Motion unanimously passed.

#4. Public Comments

There were no public comments.

#5. Consent Agenda

There were no items.

#6. Financial Report

An update on the status of the 2023 Audit was presented to the Board by Clifton Larson Allen (CLA). They are continuing to collaborate with Stockman Cass Ryan, the District's auditor, to

deliver a final opinion of the 2023 audit and hope to have the audit approved by December 31. Ashley Voss is the new point of contact for the District.

Motion: Director Sintas motioned, seconded by Director Bandy, to approve the November financial report. Motion unanimously passed.

#7. 2025 Schedule of Fees and Charges

With direction from the Board to reduce the base rate in residential sewer, Interim General Manager Kevin Brown reported to the Board that the reduction would result in a decrease of $530,000 sewer revenue. This is higher than the initial estimate, as it also includes a reduction in sewer rates for multi-family residential bills. The park fees rate will increase by $.10, and the streetlight fee will be reduced by $.10 to better align revenue with expenses. Mr. Brown provided Resolution 2024-09 – a Resolution Adopting a Schedule of Fees and Charges for Board review. The change in rates will be reflected in customers' statements effective January 1, 2025, beginning with the Cycle 1 billing.

Motion: Director Wilson motioned, seconded by Director Wall, to approve Resolution 2024-09 – A Resolution Adopting a Schedule of Fees and Charges with Exhibits. Motion unanimously passed.

The meeting moved into a Public Hearing at 5:44 p.m.

#8. Public Hearing

Resolution 2024-10 – A Resolution Adopting the 2024 Budget Amendment was presented to the Board. Director Kinney asked if there were any public comments. There were none.

Motion: Director Wilson motioned, seconded by Director Wall, to adopt and approve Resolution 2024-10 – A Resolution Adopting the 2024 Budget Amendment. Motion unanimously passed.

Resolution 2024-11 – A Resolution Adopting the 2025 Annual Budget was brought before the Board. Mr. Brown and Julie Wells answered questions from the Board. Director Kinney asked if there were any public comments. A guest from the audience commended staff on finalizing and approving the budget by December 31st, as she felt annual budgets were not timely approved in the past.

The Public Hearing closed at 5:49 p.m.

Motion: Director Wall motioned, seconded by Director Bandy, to approve and adopt Resolution 2024-11 – A Resolution Adopting the 2025 Annual Budget. Motion unanimously passed.

#9. Old Business/Follow Up

Legal Counsel Joan Fritsche provided an update on the District's boundary inclusion project aligning its water service boundaries with its legal boundaries. Options were reviewed in the November Board Meeting, and staff were directed to proceed with the process of a special inclusion election and adopting a resolution and order for inclusion.

Ms. Fritsche provided in her report to the Board with a list of property owners within the inclusion areas which would be used to create the legal description. The Board will consider the resolution and order for inclusion during its regular meeting January 21, 2025.

Mr. Brown stated the parks operation plan is progressing, and he expects to submit a definitive version to the Board in early 2025.

#10. New Business

An MSA for Western States Land Services, LLC, which provides professional engineering services to the District, was presented to the Board.

Motion: Director Bandy motioned, seconded by Director Sintas, to approve the MSA for Western States Land Services. Motion unanimously passed.

The red-lined Employee Handbook was provided in the Board packet. Mr. Brown explained the changes and modifications.

Motion: Director Wall motioned, seconded by Director Wilson, to approve the 2025 Employee Handbook with modifications. Motion unanimously passed.

Mr. Brown requested the Board's consideration of a $400 employee bonus for the Christmas holiday.

Motion: Director Sintas motioned, seconded by Director Wall, to approve a $400 Christmas holiday bonus for employees. Motion unanimously passed.

Wayne Williams has been selected to be the District's designated election officer for the 2025 Special Districts' Election. His engagement letter was reviewed by the Board. Also discussed was the 2024-12 - 2025 Election Resolution designating Mr. Williams as the District's DEO.

Motion: Director Wilson motioned, seconded by Director Bandy, to accept the engagement letter of Wayne Williams as the District's designated election officer for the 2025 Special District Election. Motion unanimously passed.

Motion: Director Wall motioned, seconded by Director Sintas, to approve Resolution 2024-12 – A Resolution Designating the DEO for 2025. Motion unanimously passed.

At the regular Loop Water Authority meeting held in November, Mr. Brown announced Cherokee's intention to exit the authority and explained the rationale based on the District's water and financial position. Mr. Brown stated in the Loop meeting the District continues to be committed in collaborating with the Loop on various issues, including the use of the Sundance pipeline to convey Loop water, emergency water availability to the District, and the possibility of wheeling water from a Loop delivery point to future customers in central and eastern El Paso County. He asked the Board to approve the Notice of Withdrawal effective December 31, 2024.

Motion: Director Wall motioned, seconded by Director Sintas, to approve the Notice of Withdrawal from the Loop Water Authority effective December 31, 2024. Motion unanimously passed.

Mr. Brown provided an overview of the settlement agreement between BLH 2 (Norwood) and the District. The parties have agreed to the final terms of all three documents, and final legal descriptions are expected to be completed by the end of the week. Both parties have agreed to complete the settlement and transaction by December 31, 2024, contingent that all documents are fully executed, and legal descriptions are complete and verified.

Motion: Director Wall motioned, seconded by Director Sintas, to approve the Settlement and Easement Agreements including the Special Warranty Deed between the District and BLH 2 (Norwood) subject to verification of the legal description, non-material classification, clarifications and changes that are necessary to the document, and a payment of $700,000 to be held in escrow by Land Title until all documents are fully executed. Motion unanimously passed.

#11. Staff Reports

Mr. Brown advised the Board that CLA has provided templates for District use in creating a purchasing policy which describes the current policies and procedures for managers and accounts payable while the second is a summary of key points for supervisors to administer the policy. He is also evaluating how best to reduce the number of credit cards by centralizing purchasing to a small number of supervisors without significantly disrupting operations.

Mr. Brown highlighted capital projects and the 2025 outlook, both of which were provided in his report to the Board.

#12. Executive Session

Executive Session of the Board of Directors pursuant to Section 24-6-402(4)(b), C.R.S., for a conference with the District's attorney regarding legal advice on specific legal questions; Section 24-6-402(4)(e), C.R.S., determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators; and Section 24-6-402(4)(a), C.R.S., regarding the purchase, acquisition, lease, transfer, or sale of any real, personal, or other property interest. No formal action or voting will take place in the Executive Session.

1. WHMD Arbitration Update
2. Legal Advice on Director Matters

Motion: Director Kinney cited the statutes leading into the Executive Session. Director Wall motioned, seconded by Director Wilson, to close the regular session and move into the Executive Session. Motion unanimously passed.

The Executive Session began after a five-minute break.

Motion: It was motioned and moved to come out of the Executive Session. All in favor. Motion unanimously passed.

#13. Adjournment

There being no other business to come before the Board, the meeting adjourned.

Jeff Bandy, Secretary